

# Herald Tribune

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## U.S. and Britain Warn Iraq to Stick to Pledge

Any Defiance Will Draw Attack, Allies Say; Military Tensions in Gulf Recede Sharply

By Brian Knowlton  
International Herald Tribune

WASHINGTON — Even as tensions in the Gulf began to ease, the United States and Britain issued new threats Monday that they would strike Iraqi targets without warning if Baghdad failed to cooperate with UN arms inspections.

But the crisis, sparked in August when Iraq halted the work of the UN inspectors, appeared to be winding down on several fronts: The Pentagon

Clinton voices two policies on Iraq with big consequences. Page 8.

announced the callback of most of the U.S. reinforcements headed for the Gulf, and the White House said that President Bill Clinton would leave Wednesday for Japan, picking up the second half of an Asia trip he had put off to deal with the crisis.

With the threat of military action reduced, about 150 UN humanitarian staff workers were returning to Iraq on Monday. The weapons inspectors at the center of the crisis are to return Tuesday and Wednesday from Bahrain, where more than 100 of them had been evacuated.

Under the agreement accepted by Mr. Clinton, Iraq has committed itself to allowing inspectors "unfettered ac-

cess" to view any site they wish, and must turn over all relevant documents on chemical and biological weapons production. The inspectors arriving Tuesday are expected to move fairly quickly to take advantage of the new Iraqi agreement. They hope to find what they believe are concealed chemical and biological weapons.

The United States and Britain both sought to make it clear Monday that they would not brook any new defiance by President Saddam Hussein.

"No more hiding and seeking; no more playing games," Defense Secretary William Cohen said. "I think everyone understands that this is the last go-round as far as Saddam is concerned."

On Monday, Mr. Clinton announced that the United States had accepted Iraqi assurances of full cooperation with UN arms inspectors. In a tense weekend of last-minute negotiations, the president canceled two planned air strikes against Iraqi targets.

President Clinton's closest ally in the confrontation with Baghdad, Prime Minister Tony Blair of Britain, offered his own ultimatum Monday. If Mr. Saddam again defies the world community, there will be "no warnings, no negotiations, no wrangling, no last-minute exchanges of letters," he told Parliament. "The overt withdrawal of cooperation and he will be hit."

Had an air strike been launched over



UN relief workers hugging Monday as their group of 150 prepared to return from Jordan to Iraq.

the weekend, British planes were scheduled to fly 20 percent of the sorties by manned aircraft, as opposed to cruise missiles, The New York Times reported.

U.S. officials have failed to explain exactly what was meant by "no warnings." It seemed unlikely that strikes would be launched, in many cases against the suspected weapons sites being inspected, unless UN inspectors and staff workers were first given a

See IRAQ, Page 8

## Gore's Speech Stuns Malaysia

He Backs Reform Movement, Infuriating Government

By Thomas Fuller  
International Herald Tribune

KUALA LUMPUR — Vice President Al Gore jolted the Malaysian government on Monday with a speech supporting the nascent reform movement here and assailing the use of authoritarian rule in a time of economic crisis.

"Among nations suffering economic crisis, we continue to hear calls for democracy in many languages, 'People Power,' 'Doi Moi,' 'Reformasi,'" Mr. Gore said at a dinner that included Malaysia's top leadership. "We hear them today — right here, right now — among the brave people of Malaysia."

The speech stunned and infuriated Malaysian government officials. So tense has the political situation been in Kuala Lumpur over the last few months that using the word "reformasi" in public has landed many protesters in prison.

"It's the most disgusting speech I have ever heard in my life," said the trade minister, Rafidah Aziz, a close ally of Prime Minister Mahathir bin Mohamad. "I hope I never live to hear another one from anyone like that."

"There are narrow-minded people in this world," she said, "but certainly that reflects an unabashed intervention into local affairs."

Mr. Mahathir, who has often criticized the West for interfering in the domestic affairs of Asian countries, was in the audience when Mr. Gore delivered his remarks, as was President Joseph Estrada of the Philippines and President Alberto Fujimori of Peru.

Mr. Gore said democracy could play an important role in helping countries emerge from economic crisis.

"History has taught us that freedom — economic, political, and religious freedom — unlocks a higher fraction of the human potential than any other way of organizing society," he said.

"Gore takes another view. They cling to the belief that authoritarian rule makes it easier to impose the fiscal discipline and financial sacrifice often necessary to weather economic storms and spark growth."

"The facts refute that view," Mr. Gore said.

White House officials said the speech, which was delivered as leaders from 21 countries converged on Malaysia to open the annual economic summit meeting Asia-Pacific Economic Cooperation forum here, was the same message that President Bill Clinton would have delivered had he been able to travel to Malaysia. Mr. Clinton remained in Washington because of the situation in Iraq.

Although Malaysia had intended the APEC meeting to serve as a showcase for its newly transformed capital — including a new airport and dozens of recently erected skyscrapers — political events in the country have so far overshadowed the buildup to the conference and embarrassed the host government.

Leaders from the United States and Canada have refused to hold official talks with the Malaysian government, opting instead for meetings with the wife of the country's ousted deputy prime minister, Anwar Ibrahim, who is being held without bail as he faces sodomy and corruption charges in court.

Mr. Anwar's wife, Azizah Ismail, has spent two days giving interviews to journalists and meeting with a stream of visiting dignitaries, including the U.S. secretary of state, Madeleine Albright, on Sunday and Mr. Estrada of the Philippines late on Monday.

Mr. Anwar has in the span of two months gone from being the No. 2 man in government to its fiercest critic. His trial — which has been suspended until after the APEC meeting ends — has captured the attention of governments throughout the region.

Mr. Anwar has lashed out at Mr. Mahathir and has repeatedly called for an end to the prime minister's 17-year rule.

Mr. Mahathir had hoped to use the APEC gathering as a platform for his



Vice President Al Gore making a point in a speech in Kuala Lumpur on Monday in which he angered Malaysian officials by supporting reform.

## In Tokyo and Seoul, Questions for Clinton

Doubts on Markets and Pyongyang Color Trip

By Kevin Sullivan  
Washington Post Service

TOKYO — When President Bill Clinton touches down in Japan and South Korea on his planned trip this week, he will find relations strained with an angry Japan and a region wondering if Washington still has a coherent policy toward North Korea.

Critics wonder why Mr. Clinton threatens air strikes against Saddam

Investors shrug at Japan's economic stimulus package. Page 19.

Hasegawa but continues to pursue engagement with the North Korean leader, Kim Jong Il, who they say also represses his people, maintains stockpiles of chemical and biological weapons and may be trying to build nuclear weapons.

"U.S. policy toward North Korea is in as great a state of disarray as anything I've seen since the Vietnam War," said Donald Gregg, a former U.S. ambassador to South Korea, who is now chairman of the Korea Society in New York.

See KOREA, Page 6

## France Advises Saddam to Cooperate

Foreign Minister Praises Washington's Handling of the Crisis

By Joseph E. Fitchett  
International Herald Tribune

PARIS — Foreign Minister Hubert Vedrine said Monday that Iraq will need "weeks and perhaps months" of complete cooperation with United Nations arms inspectors before the Security Council can consider the country's future, including the duration of sanctions and the shape of long-term security monitoring.

France, President Bill Clinton's handling of the crisis and decision to cancel air strikes when Baghdad accepted UN demands, Mr. Vedrine said that President Saddam Hussein of Iraq had "not gained a thing" in his latest showdown with the Security Council.

Mr. Vedrine, speaking in an interview, said that policymakers in Washington and Paris had been pursuing

intensive, unpublicized consultations about a long-term solution to the Iraqi problem and that these political questions had to be answered eventually.

"We all want to find a way out of this long-running crisis that will guarantee security instead of accumulating

Saddam concession leaves Arabs pleased and Israel wary. Page 9.

strains that the region cannot withstand indefinitely," he said, offering an account of the crisis that suggests that the U.N. administration and the French government were closer in their basic concerns about Iraq than their public tones might suggest.

He brushed aside suggestions that his own statements to the French press — already discussing the long-term

outlook so soon after the crisis — might undermine U.S. authority in dealing with Iraq. Mr. Vedrine indicated that the rhetoric in Washington, echoed in London by Prime Minister Tony Blair, might matter less in U.S. policy than in the Clinton administration's handling of domestic pressures.

Similarly, asked about French-U.S. differences on the question of Security Council authority for military action against Iraq, Mr. Vedrine explained the thinking in Paris in a way that, in practice, was unlikely to impair the chances of a swift, powerful response against any future Iraqi violations.

France, he said, disagreed with the statement Sunday by Samuel Berger, Mr. Clinton's national security ad-

See ALLIES, Page 8

## Clinton Overruled Most Advice on Raids

Choice Was Seizing the Moment vs. Trusting Early Reports About Iraq

By Bradley Graham  
Washington Post Service

WASHINGTON — President Bill Clinton's decision to abort planned air strikes against Iraq came over the recommendations of some of his top national security advisers, who pressed to go ahead with the attack despite initial reports of an Iraqi offer to surrender to U.S. and United Nations demands, according to administration officials.

During a hurried debate Saturday evening, with less than an hour remaining before the first wave of an assault the Pentagon had estimated could result in 10,000 Iraqi dead, Mr. Clinton was told that uniquely favorable conditions favored U.S. military

action. As time ran out, the president's decision hinged on whether to seize the moment, and perhaps be blamed for willfully ignoring a peace overture, or trust sketchy reports that Iraq was on the verge of giving in, officials said.

Administration sources said that Defense Secretary William Cohen, Secretary of State Madeleine Albright and General Henry Shelton, chairman of the Joint Chiefs of Staff, favored an attack. The national security adviser, Samuel Berger, recommended suspending the strike, sources said. Vice President Al Gore also participated in the deliberations, but sources would not confirm which position he took.

U.S. officials said the argument to proceed with air strikes was bolstered

by signs that President Saddam Hussein would be taken by surprise, that international support for a firm response to Iraq seemed unusually strong and united, and that American forces, while still arriving in the Gulf, were primed for attack.

As the initial reports of Iraq's capitulation arrived via television news bulletins, Mr. Clinton and his team spent about a half-hour deliberating over telephone lines before the president finally decided, which had been scheduled to start at 9 A.M. Washington time, officials said.

Mr. Clinton had been warned by the

See ABORT, Page 8

## As Soviet Subs Rust Away, Ecological Disaster Looms

By David Hoffman  
Washington Post Service

MURMANSK, Russia — Every few months, a green four-car train crawls along Kola Bay, past the lumbering cranes of the commercial port, and stops at a dock north of here in a district known as Kosta.

Newstand Prices	
Bahrain	1,000 BD Mils. 55c
Cyprus	C £ 1.00 Nigeria 1,250 NG
Denmark	17 DKG Oman 1,250 OR
Finland	12.00 FM Qatar 10.00 QR
Gibraltar	C 0.85 Rep. Ireland 11.10
Greece	10.00 GR
Great Britain	UK £1.00 Saudi Arabia 10 SR
Egypt	EE 5.50 S. Africa 11.00 ZAR
Jordan	1,250 JD U.A.E. 10.00 DH
Korea	K SH 180 U.S. Mils. (Est.) 1.20
Kuwait	700 KW Mils. Zimbabwe 2m40.00

The special train is at the center of a logistical and financial bottleneck that is making this region one of the most dangerous nuclear dumping grounds in the world. The Arctic seacoast here has become a graveyard for the once-feared fleet of Soviet nuclear-powered submarines. Highly radioactive spent fuel from their nuclear reactors has been piling up in storage tanks and open-air bins, on military bases and in shipyards. In some cases, fuel assemblies have broken and tanks have leaked.

The train is the only way to move the spent fuel more than 3,200 kilometers (2,000 miles) to Russia's sole reprocessing plant, the Mayak Chemical Combine in the Ural Mountains, where uranium and plutonium are separated out for possible reuse. When fully loaded, the train can carry 588 fuel assemblies — slightly more than the contents of one submarine.

But there are more than 50,000 such fuel assemblies awaiting transport. Thus,

See RUSSIA, Page 5

## AGENDA



WAR OF WORDS — Prime Minister Benjamin Netanyahu speaking Monday in the Knesset as rhetoric on the Wye peace pact heated up. Approval of the accord is expected, however. Page 8.

## Tobacco Accord Goes to States

WASHINGTON (AP) — Cigarette makers formally agreed Monday to a \$206 billion settlement of state lawsuits that would prohibit tobacco companies from advertising on billboards, city buses and T-shirts.

Eight state attorneys general have sent the proposal to all other states in hopes they, too, will join in.

President Bill Clinton considers the state settlement "a step in the right direction" but still wants Congress to do more to curb teenage smoking, the White House said.

## Meteor Shower

The Earth will enter the backwash of a comet called Temple-Tuttle in what may be the most intense meteor shower in more than three decades. Peak time for viewing the storm will be from 1800 to 2000 GMT Tuesday. Page 3.

The Dollar		
	Monday @ 4 P.M.	previous close
New York	1.6663	1.685
DM	1.6663	1.685
Yen	120.31	122.805
FF	5.5935	5.6496
Pound	1.6768	1.684

The Dow		
	Monday close	percent change
Dow Jones	9,011.25	+1.03%
S&P 500	1,135.86	+0.90%

Nasdaq		
	Monday close	percent change
Nasdaq	1,881.71	+0.74%

Blue-chip stocks topped the 9,000-point mark for the first time since July amid expectations that the Federal Reserve Board will cut U.S. interest rates Tuesday. Page 16.

Books	Page 11.
Crossword	Page 12.
Opinion	Pages 10-11.
Sports	Pages 24-25.
The IHT on-line	www.ihon.com

## A Shot in the Arm for Asia

U.S. and Japan to Devise a Revitalization Plan

By Michael Richardson  
International Herald Tribune

KUALA LUMPUR — Setting aside recent recriminations, the United States and Japan said Monday night that they would work together to develop a new \$8 billion multilateral program to help revitalize economic growth and trade in Asia by bolstering troubled banks and companies.

Vice President Al Gore, announcing the plan here, said the World Bank and the Asian Development Bank would help with the program, which will provide trade credits, risk insurance and project financing.

In a joint statement ahead of the start Tuesday of the Asia-Pacific Economic Cooperation forum, President Bill Clinton

and Prime Minister Keizo Obuchi of Japan said that the program would be called the Asian Growth and Recovery Initiative.

Officials indicated that the program had initial funding from both countries of at least \$8 billion, but were vague

Business is disillusioned with APEC. Page 15.

about how key parts of the plan, including ways of recapitalizing and reforming troubled Asian banks and companies, would work.

Analysts said that the program appeared to have been hastily cobbled together to offset criticism among APEC countries that Washington and Tokyo have been so preoccupied with a recent trade feud that they have ignored the region's most pressing problem: coping with a deepening recession that is throwing millions of people out of work in East Asia, threatening social and political order.

Mr. Clinton and Mr. Obuchi said in their statement that several of the countries hardest hit by the financial crisis "have made great strides in recent months toward restoring stability."

They added, "The major challenge they face today is restarting growth as quickly as possible."

They said that the proposed program had four main components: accelerating the pace of bank and corporate restructuring; increasing trade finance; mobilizing new private sector capital to help Asian companies rebuild their balance sheets; and enhancing technical assistance to help equip countries with the expertise they need to overcome complex financial and corporate restructuring issues.

Earlier, Mr. Gore, who is representing Mr. Clinton at the meeting after the president canceled his attendance because of the Iraq crisis, gave an outline of the U.S.-Japanese plan at an APEC business dinner meeting.

He said it would "help nations obtain financing to revive their banking systems and remove obstacles to serious

See APEC, Page 4

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## ***Sexual Assaults Sully Playgrounds on the Sea***

Accused crew members are sometimes put ashore at the next port, with air fare to their home country. Industry lawyers are flown to the ship to question the accusers; and aboard ships flowing with liquor, counterclaims of consensual sex are common. The cruise lines aggressively contest lawsuits and insist on secrecy as a condition of settling.



A vice president of Carnival, Tim Gallagher, said his company reacts promptly and thoroughly any time there is an allegation of sexual misconduct involving passengers or crew members. He said only a handful of assaults occur each year, though he would not provide numbers.

Complaints are frequent enough, however, that Lloyd Lipkey, the agent in charge of the FBI's Miami squad that deals with crimes on the high seas, offered a warning to passengers: "Go on a cruise just like you go anywhere else, with your eyes open."

The Daily News edition goes to about 25,000, and the numbers are steadily climbing as sympathizers send in lists of Chinese addresses.

**THE WORLD'S DAILY NEWSPAPER**



COUNTRY/CURRENCY	3 MONTHS NEWSPAPER	2 MONTHS OFFER	SAVING COVER PRICE
AUSTRIA	AS\$ 4.50	50	55
BELGIUM/LUXEMB.	BEF 3.240	1.950	60
DENMARK	DMK 524	310	50
FRANCE	FRF 524	310	50
GERMANY	DEM 524	310	50
GREECE	GRF 524	310	50
HONG KONG	HK\$ 524	310	50
INDONESIA	IDR 524	310	50
ITALY	ITL 524	310	50
JAPAN	JPY 524	310	50
KOREA	KRW 524	310	50
NETHERLANDS	FLG 524	310	50
NEW ZEALAND	NZ\$ 524	310	50
NORWAY	NOK 524	310	50
PORTUGAL	PTE 524	310	50
SINGAPORE	S\$ 524	310	50
SPAIN	ESP 524	310	50
SWEDEN	SEK 524	310	50
SWITZERLAND	CHF 524	310	50

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Rwanda Airlines has begun flights from the Rwandan capital, Kigali, to Goma and Kindu, in the Democratic Republic of Congo, Rwandan radio reported. (AFP)

Mr. Trudeau's body, weighed down by a pack, jacket and ski boots, may be further out in the lake which is about 1,200 meters (4,000 feet) long, 450 meters wide and up to 40 meters deep. The police said his group was knowledgeable about avalanche hazards and had tested the snow before setting out.

Europe					
	High C/F	Low C/F	High C/F	Low C/F	
Algeria	102	27	102	27	
Andorra	102	27	102	27	
Austria	102	27	102	27	
Belgium	102	27	102	27	
Bulgaria	102	27	102	27	
Czech Rep.	102	27	102	27	
Denmark	102	27	102	27	
Finland	102	27	102	27	
France	102	27	102	27	
Germany	102	27	102	27	
Greece	102	27	102	27	
Hungary	102	27	102	27	
Ireland	102	27	102	27	
Italy	102	27	102	27	
Japan	102	27	102	27	
Latvia	102	27	102	27	
Lithuania	102	27	102	27	
Malta	102	27	102	27	
Netherlands	102	27	102	27	
Norway	102	27	102	27	
Poland	102	27	102	27	
Portugal	102	27	102	27	
Romania	102	27	102	27	
Slovakia	102	27	102	27	
Slovenia	102	27	102	27	
Spain	102	27	102	27	
Sweden	102	27	102	27	
Switzerland	102	27	102	27	
Turkey	102	27	102	27	
U.K.	102	27	102	27	
U.S.	102	27	102	27	
USSR	102	27	102	27	
Yugoslavia	102	27	102	27	
Middle East					
Algeria	102	27	102	27	
Arabia	102	27	102	27	
Bahrain	102	27	102	27	
Cyprus	102	27	102	27	
Egypt	102	27	102	27	
Iran	102	27	102	27	
Israel	102	27	102	27	
Jordan	102	27	102	27	
Kuwait	102	27	102	27	
Lebanon	102	27	102	27	
Lithuania	102	27	102	27	
Malta	102	27	102	27	
Morocco	102	27	102	27	
Netherlands	102	27	102	27	
Norway	102	27	102	27	
Poland	102	27	102	27	
Portugal	102	27	102	27	
Romania	102	27	102	27	
Slovakia	102	27	102	27	
Slovenia	102	27	102	27	
Spain	102	27	102	27	
Sweden	102	27	102	27	
Switzerland	102	27	102	27	
Turkey	102	27	102	27	
U.K.	102	27	102	27	
U.S.	102	27	102	27	
USSR	102	27	102	27	
Yugoslavia	102	27	102	27	

**North America**

Dry and mild in New York City and Washington, D.C. Wednesday and Thursday; mild with showers possible Friday. Increasingly rainy in Toronto and Chicago with some rain likely. Los Angeles and San Francisco will be dry and warm through the period.

**Europe**

Dry and chilly in London and Paris Wednesday and Thursday, then slightly milder Friday. Dry and cool through the period in Madrid and Lisbon. Rain is likely in Rome Wednesday into Thursday and in Athens on Friday.

**Asia**

Much colder from Beijing through Seoul to Tokyo. Daytime temperatures only reach the lower 40s in Tokyo and will be near zero in Seoul and to the west and north. Heavy rain may fall in Hong Kong while Manila and Singapore have show-

[illegible]

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THE AMERICAS

# Imminent Meteor Storm Alarms (or Bores) the Satellite-Ringed World

By Seth Schiesel  
New York Times Service

NEW YORK — Chicken Little would love this one. The Earth is hurtling into the path of a comet called Temple-Tuttle.

On Tuesday, the Earth will enter Temple-Tuttle's debris stream backwash and will then, according to many scientists, witness the most intense meteor shower in more than three decades.

The peak time for viewing the storm will be from 1800 to 2000 GMT on Tuesday, astronomers said. While visible in Asia and Europe, the storm will be obscured by the sun in North America during its peak hours.

The scientists who track Temple-Tuttle do not even call it a shower, they call it a meteor storm. And in the midst of the storm, among millions of particles moving at roughly 160,000 miles (260,000 kilometers) an hour, will be 600 or so man-made satellites, which most people in the industrialized world have come to rely on, wittingly or not, for entertainment, communication and spying on one another.

"This is the first time in the life of our communications-oriented world that we have faced an environmental threat of this scope," said Ian Rowe, chief executive of Crestech, a nonprofit group based in

Toronto that will track the storm for the Canadian and U.S. governments.

Mr. Rowe said the only previous instance of a satellite's being disabled by meteors occurred in 1993 during a shower about one-third the density of the storm predicted for Tuesday. American consumers felt the impact of a single satellite's malfunctioning last May, when the failure of Galaxy IV disrupted pager service in much of the United States.

If Tuesday's storm seriously damages any satellites, the effects could be even more daunting. The spy satellites that are peering down at Saddam Hussein could lose their ability to spot movements of his troops. Television

channels could become static. Travelers relying on satellite navigation could become lost. Corporate networks could shut down. Even the international telephone system could be crippled.

The satellite industry, however, and some of the companies that rely on it, have a different reaction: no big deal.

"We don't think this will be much of an issue," said Daniel Marcus, a spokesman for Panamsat, the world's largest private satellite company. "It should be a non-event."

And Stephen Stott, director for satellite engineering at Intelsat, the international satellite consortium, said, "Most of the industry is of the opinion that we do not expect any major problems."

After all, the odds say that the meteors — known as the Leonids because they seem to come from the direction of the constellation Leo — have a statistically small chance of seriously damaging any of the world's satellites — estimated by experts at between 1 in 100 to 1 in 5,000.

"In theory, you can walk across a freeway in the middle of the night and get away with it," Mr. Rowe said, by way of analogy. "But you might get K.O.'d by a truck."

In addition to a physical threat, though, the Leonids, generally smaller than grains of sand, also pose the risk of creating strong electrical charges on satellites, potentially damaging sensitive components. So while the big satellite companies play down the threat,

they are still taking steps to protect their property. The companies plan to turn solar arrays so that their edges face the oncoming meteors, presenting a smaller target. They plan to shut down some systems, to keep operations simple.

But Alastair Hamilton, who is responsible for distributing Cable News Network as Turner Broadcasting System's senior vice president for worldwide distribution technology, said some viewers still might lose their signal for a few minutes Tuesday as satellites recover from short circuits. He added, however, that he could not get too agitated because there is so little he can do.

"At the end of the day, the satellites are up there and there is no way to hide them," he said. "So we're going to really see what happens. And the prevailing opinion is that this is not really something that we should be losing a huge amount of sleep over."

That is not quite how Colonel Mike Kelly is handling the situation. That is because he works for the owner of about a quarter of the world's satellites: the U.S. government.

As deputy commander of the 50th Operations Group at Schriever Air Force Base, near Colorado Springs, Colonel Kelly helps run about 60 air force satellites worth about \$40 billion. His charges provide navigation services, communications for officials including the president, and help in detecting missile launches.

While Mr. Marcus of Panamsat and Gregory Clark, president of Loral Space Communications, another big private satellite company, said they expected no impact on their services, Colonel Kelly is more pessimistic. "I think it's very unlikely that we'll lose a spacecraft on the 17th," he said, adding that he thought it was "probable that we'll see some electrical problems that we'll have to recover." That could take anywhere from a few minutes to several days, he said.

In contrast to the private satellite companies, however, the air force, according to Colonel Kelly, has decided not to change its normal operating procedures substantially, except to be especially watchful.

"We don't know ahead of time how serious it will be," Colonel Kelly said. "If it turns out to be a nothing-burger, I'll be one of the happiest people in Colorado."

And Ken Kirkhart will be one of the happiest people in Virginia. Mr. Kirkhart is vice president for production at USA Today, which uses 33 satellite-linked printing plants in the United States. Each plant is linked to two satellites, Mr. Kirkhart said, but he is still nervous.

"It's a crapshoot, you just don't know," he said. "There's nothing more you can do. There's not time. The only thing you could do to put yourself in a risk-free situation is to put in a terrestrial system, and to do that to 33 sites, well, you've dealt with the phone companies."

## Space Station's First Pieces Ready to Fly

By Warren E. Leary  
New York Times Service

WASHINGTON — After years of debate, hundreds of studies, thousands of pages of blueprints and billions of dollars, the United States and 15 other nations are ready to start building the largest, most complex structure ever assembled in space, the international space station.

Almost 15 years after the United States first made a commitment to building a space station — a period marked by shifting goals, numerous revisions and false starts, and, more recently, serious concerns about Russia's involvement — the United States and its partners are embarking on an ambitious 5-year construction project 220 miles (355 kilometers) above Earth.

part and serves as a main connector for future pieces of the station, designed to eventually house up to seven astronauts at a time from countries around the world. Three astronauts are expected to occupy the station beginning early in 2000, well before it is fully completed.

The space station is one of the largest peacetime international engineering projects in history, and one of the costliest too, with a construction price of at least \$40 billion, more than half of which will be paid by the United States. Various estimates suggest that participating nations together will spend a similar amount to operate it during its lifetime, a minimum of 10 years.

It will be a risky and difficult project as well, experts said, noting that the odds of a major accident during the station's construction or operation are high. Construction will require at least 43 space flights, including 34 by space shuttles and the rest by Russian rockets, to haul almost 900,000 pounds (410 metric tons) of building materials and supplies.

These materials, including pressurized modules, connecting nodes, expendable metal trusses for holding solar panels and heat radiators, and miles of electrical cables, are to be assembled by American and Russian astronauts making 144 space walks. The space walks, in which two-man teams will have to connect hundreds of station components and cables, are expected to total at least 1,800 hours (or some 75 days), double the time that American astronauts have spent outside their ships since the beginning of piloted space flight almost four decades ago.

When all of the pieces come together in 2004, as scheduled, they are to form a complex that covers an area equal to two football fields when the massive solar power arrays are unfurled. Almost a dozen interlocking modules, housing research laboratories, living quarters and support equipment, are planned to provide 46,000 cubic feet (1,300 cubic meters) of pressurized space.

"The space station is being built to see how people can live and work safely and productively in space for long periods," said Daniel Goldin, administrator of the National Aeronautics and Space Administration. "It will be a world-class laboratory for science that could lead to discoveries and technical advances that affect all our lives."

Construction is to begin, however, even though several uncertainties remain about costs and schedules. Assembly already has been delayed more than a year because the third major component, a Russian-built unit called the service module, has not been completed because the Russian Space Agency is out of money. This critical unit is to provide living quarters and laboratory space in the early stages of station construction.

## The Former Stokely Carmichael Dies

By Michael T. Kaufman  
New York Times Service

NEW YORK — Kwame Ture, 57, the civil rights leader known to most Americans as Stokely Carmichael, died Sunday in Conakry, Guinea.

He is best remembered for his use of the phrase "black power," which in 1967 ignited a white backlash and alarmed an older generation of civil rights leaders.

The cause of death was prostate cancer, for which Mr. Ture had been treated in New York in the last two years. He once said his cancer "was given to me by forces of American imperialism and others who conspired with them."

Mr. Ture, who changed his name in 1976 to honor Kwame Nkrumah and Ahmed Sekou Toure, two African socialist leaders who befriended him, spent most of the last 30 years in Guinea, calling him-

self a revolutionary and advocating a Pan-African ideology that evoked little resonance in the United States or, for that matter, Africa.

Although his active participation in the struggle for civil rights in the United States lasted barely a decade, he was a charismatic figure in a turbulent time, when real violence and rhetoric escalated on both sides of the color line.

After his freshman year at mainly black Howard University in Washington in 1960, he joined the Freedom Riders of the Congress of Racial Equality — hazardous bus trips of blacks and whites that challenged segregated interstate travel in the South.

The Freedom Riders often met with violence, and at their destinations Mr. Carmichael and the others were jailed.

Graduating with a bachelor's degree in philosophy from Howard in 1964, he

joined the Student Nonviolent Coordinating Committee. It was the "Freedom Summer," the year that SNCC (popularly pronounced "snick") was sending hundreds of black and white volunteers to the South to teach, set up clinics and register disenfranchised black Southerners.

As a SNCC field organizer in Lowndes County in Alabama, where blacks were in the majority but were politically powerless, he helped raise the number of registered black voters to 2,600 from a mere 70 — 500 more than the number of whites registered.

The young Carmichael was radicalized by his experiences working in the segregated South, where peaceful protesters were beaten, brutalized and sometimes killed for seeking the ordinary rights of citizens.

Mr. Carmichael was arrested so many times as a non-violent volunteer that he lost count after 32. His growing impatience with the tactics of passive resistance was gaining support and in 1966 he was chosen as chairman of SNCC.

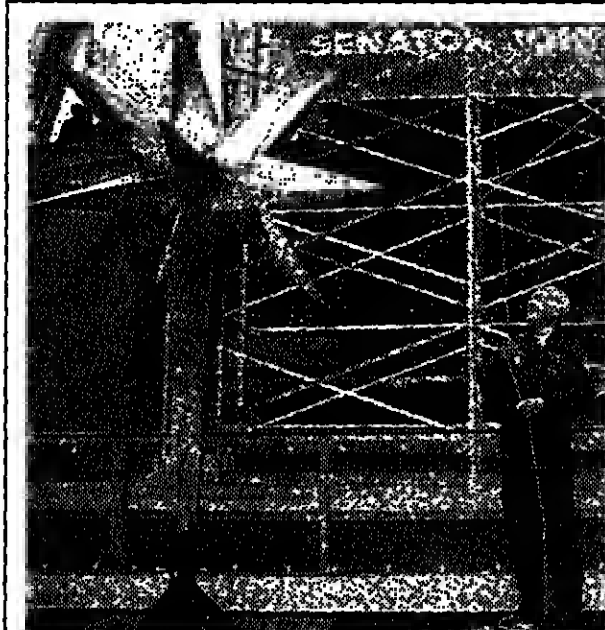
Barely a month after his selection, Mr. Carmichael, then just 25, raised the call for

black power, thereby signaling a crossroads in the civil rights struggle. Increasingly uncomfortable with Martin Luther King's nonviolence, he sensed a shift among some younger blacks in the direction of black separatism.

In the book "Black Power," which Carmichael wrote in 1967 with Charles Hamilton, the authors tried to explain the term. "It is a call for black people in this country to unite," they wrote, "to recognize their heritage, to build a sense of community. It is a call for black people to define their own goals, to lead their own organizations."

In 1967 a weakened SNCC severed all ties with him. Soon afterward he became honorary prime minister of the Black Panthers, the ultramilitant urban organization begun by Huey Newton and Bobby Seale.

But he soon found himself embroiled with the other Panther leaders for opposing their decision to seek support among whites. He moved to Guinea, in West Africa, in 1969, saying, "America does not belong to the blacks," and calling on all black Americans to follow his example.



2 STARS — John Glenn unveiling the 12-foot-tall gold star that was placed on top of the Christmas tree at Rockefeller Center in New York on Monday.

## Away From Politics

- Prominent opponents of capital punishment meeting in Chicago have started a nationwide effort to recruit law schools to train students to work on cases that might lead to freedom for wrongly convicted persons. The campaign seeks to take advantage of new DNA technologies that can identify people who have been wrongly convicted. (LAT)
- A woman apparently trying to kill herself jumped off a six-story building in Los Angeles and landed on a security guard who tried to catch her. The woman died, and the guard suffered a broken neck. (AP)
- The scaling back of the navy, environmental concerns and contractor problems have led to a backlog of 206 surplus U.S. government ships waiting to be scrapped, according to federal officials. (WP)
- Internal Revenue Service employees allegedly embezzled \$5.3 million in taxpayer checks and cash from 1995 to 1997, according to a General Accounting Office report on IRS financial management practices. In one scheme, an IRS employee and his co-conspirators altered a taxpayer check to change the payee from "I.R.S." to "I.R. Smith" and deposited it into a personal checking account. (WP)
- Three teenage boys were arrested in an alleged plot to kill teachers and a group of students who picked on them, authorities in Burlington, Wisconsin, said. (AP)

## POLITICAL NOTES

### A U.S. Labor Party Emerges

PITTSBURGH — If Anthony Mazzocchi's vision becomes reality, the United States will someday have a Labor Party that rivals Britain's.

Mr. Mazzocchi, the driving force behind the fledgling party, said he hoped the Labor Party would fill the void that he and the 1,200 delegates gathered here for the party's constitutional convention see in American politics.

"I said the election of Jesse Ventura as governor of Minnesota showed that Americans were turned off by the two big political parties."

"Neither the Democrats or Republicans have passed any pro-worker legislation in 25 years," said Mr. Mazzocchi, a longtime official of the Oil, Chemical and Atomic Workers Union. "On issues that working Americans care about, on trade, health care, welfare reform, the two major parties have sided with corporations."

His hope, he said, is that millions of Americans will embrace a party with a platform that supports a 32-hour workweek, four-week vacations and a minimum pension for all workers, as well as a Canadian-style health care system in which the government pays the bills. (NYT)

### Book Deal for Lewinsky Reported

NEW YORK — Monica Lewinsky has agreed to a seven-figure deal for a book on the White House sex scandal to be written by the biographer of Princess Diana, The New York Post reported Monday.

The newspaper said the former White House intern had also reached a deal with ABC television for an interview with Barbara Walters, which would be broadcast to coincide with the release of the book in February, the New York Post said.

It said St. Martin's Press landed the deal for the North American rights on Miss Lewinsky's story to be told to the British author Andrew Morton. He became Princess Diana's official biographer when he secretly received tapes from her that revealed her unhappiness with Prince Charles and the royal family. His book, "Diana: Her True Story," became a best-seller when it was published in 1992. When Princess Diana was killed in a car crash in Paris last year, it was revised and republished under the title: "Diana: Her True Story — In Her Own Words." (Reuters)

### Quote/Unquote

Governor John Engler of Michigan, who has been sharply critical of Jim Nicholson, chairman of the Republican National Committee, ruling out a national Republican Party role for himself: "I'm not interested in that. I'm not interested in playing a national party role. I expect to be involved in somebody's presidential campaign." (WP)

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## INTERNATIONAL

## Yucatan Developers Ride the Sea Turtle

By Sam Dillon  
New York Times Service

**XCACEL, Mexico** — This pristine Caribbean beach is one of the world's most important nesting areas for sea turtles, and Mexican environmentalists view its ivory sands and emerald waters as sacred terrain.

For years the environmentalists have been pleading with the authorities to protect the beach, 100 kilometers (60 miles) south of Cancun, from the bulldozers and chain saws that are devouring stretches of palm-covered dunes and mangrove marshes as the government sells off the coast of the state of Quintana Roo to commercial developers.

But in February, after months of secret negotiations, the state government announced that Xcacel had been sold for \$2.2 million to a Spanish conglomerate that plans to build a 450-room hotel. The sale has set off one of Mexico's most bitter environmental battles.

Greenpeace, the Sierra Club and other international and Mexican conservation groups are campaigning to reverse the deal.

Government officials and the developers are struggling off the

protests. "Everywhere there are extremists who say development can't move in concert with nature, but we disagree," said Jorge Polanco Zapata, who represents Quintana Roo as a senator from Mexico's governing party and supports the Xcacel project. "We think the turtles will be a tourist attraction."

The sale has become a symbol of what ecologists describe as predatory development despoiling a wonderland of squawking parrots and pre-Columbian ruins along 130 kilometers of coast stretching from Cancun to the Mayan site of Tulum.

Environmentalists complain that land use plans and environmental impact statements have been ignored in the construction of a new corridor of luxury hotels and "eco-tourism" resorts. Aracely Dominguez, founder of the region's most important conservation group and owner of a small Cancun hotel, said highways had been gouged through coastal rain forests, mangrove swamps paved into parking lots and delicate coastal bays dredged with hydraulic draglines.

Xcacel has become the focus for scientists because of research showing that thousands

of Atlantic green and loggerhead turtles nest there, apparently attracted to the gentle slope of its sands, so many that those species' genetic diversity is dependent on the beach. As a result, scientists and conservationists have based turtle protection and environmental education programs for the entire Yucatan Peninsula in Xcacel.

For a decade, thousands of children and their families have made pilgrimages to Xcacel each year to experience the wonder of the summer nesting season, when on any evening scores of 180-kilogram (400-pound) loggerheads glide through the surf, lumber up the sloping beach and burrow into the dune to lay eggs. Turtle rangers protect the nests from the poachers who sack beaches elsewhere in Mexico.

Xcacel was a federal reserve until 1992, when control passed to Quintana Roo. Aides to Governor Mario Villanueva secretly negotiated the sale, and federal environmental officials have ignored entreaties to intervene.

The Spanish corporation that bought Xcacel, Sol Melia, which operates hotels in 23 countries, has said it plans to

build "a 450-room Paradus Tulum All-Inclusive Beach Resort." Evagrio Sanchez, a senior executive of Sol Melia's real estate division, said his company was awaiting an environmental study before elaborating final designs. But the hotel will be built away from the beach, with subdued illumination that will not confuse the nesting turtles, he said.

"We want sustainable development, not just for the turtles but for all the fauna and flora," Mr. Sanchez said.

But environmentalists were alarmed when, during a meeting in May, Sol Melia executives outlined plans for a golf course at Xcacel. A seaside hotel in Costa Rica that Sol Melia has touted as an example of its commitment to build "in concert with nature" features an 18-hole golf course and a discotheque.

Construction at Xcacel has not yet begun, but Sol Melia employees who put up a barbed-wire fence around their newly purchased property chopped down 1,200 rare palm trees, said Juan Carlos Canu, Greenpeace's Mexico director. Mr. Sanchez denied that.



President Joseph Estrada of the Philippines, center, getting out of his plane as he arrived in Kuala Lumpur for the APEC conference.

## GORE: Speech Jolts Malaysia

Continued from Page 1

views on currency trading. The prime minister has consistently blamed currency speculators and under-regulated capital flows for the 18 months of economic turbulence in Southeast Asia.

The Malaysian government has been battling weekly street protests in the capital since Mr. Anwar was detained.

"Unfortunately he doesn't understand what is going on in this country," Mrs. Rafi said after Mr. Gore's speech. "And to talk about people power at a time when demonstrations are happening in Indonesia, for example, when lives are lost and condoning that — my God."

Several days of anti-government riots in Indonesia over the last few days — events closely watched in Malaysia — have left at least 14 dead.

"People will accept sacrifice in a democracy," Mr. Gore said, "not only because they have had a role in choosing it, but because they rightly believe they are likely to benefit from it. Democracies have done better in coping with economic crisis than nations where freedom is suppressed."

## Gore and Jiang Meet

In a two-hour meeting, Mr. Gore and President Jiang Zemin of China talked Monday about Taiwan and Tibet but made no progress on those

or other sources of Chinese-U.S. conflict, The Associated Press reported from Kuala Lumpur.

Both sides described the meeting as friendly, and officials said comments by both men consisted largely of reiterating their governments' positions. A U.S. official said Mr. Gore issued an invitation for the Chinese prime minister, Zhu Rongji, to visit the United States, and that Mr. Jiang had accepted.

"It was a conversation between people who know each other well," said the official. A spokesman for the Chinese Foreign Ministry, Zhu Bangzao, briefing reporters on the meeting, repeated Beijing's contention that the Dalai Lama, the exiled Tibetan leader, was "aiming at splitting the motherland."

Last week, China protested Mr. Clinton's meeting with the Dalai Lama and a visit by a U.S. cabinet official to Taiwan, asserting that the United States was interfering in domestic Chinese affairs.

Mr. Zin accused the United States of violating its commitment to recognize Beijing's rule over Tibet, and said that Washington should refrain from political ties with Taiwan.

Mr. Jiang told Mr. Gore that he wanted Washington to honor the commitment to the one-country policy, the Chinese spokesman said. According to Mr. Zin, Mr. Gore said U.S. policies on Tibet and China had not changed.

## APEC: Plan for Revitalization

Continued from Page 1

restructuring." He added that the World Bank and the Asian Development Bank would more than double lending for social programs.

Mr. Gore said that if Asian financial systems were to be revitalized, "that means lifting the mountains of bad debt that are crushing many banks and corporations throughout the region — leaving them struggling to pay workers and creditors, and leaving them unable to secure the financing to keep factories open and economies humming."

But at a joint press briefing later by two senior officials from the United States and Japan, the U.S. official said that the initiative was "not going to be a big bang solution to the region's problems."

He said it was a "modest, quite sensible set of proposals that go right to the core of the near-term challenges to recovery."

The officials said that Washington and Tokyo aimed initially to raise \$5 billion in bilateral and multilateral support for bank and corporate restructuring, an amount that could be used to attract substantial new private financing.

Investment bankers estimate that it will take more than \$100 billion just to recapitalize banks in Indonesia, Thailand and South Korea — the three East Asian countries hit hardest by the crisis.

The Japanese official said that Tokyo would provide loan guarantees worth \$3 billion to the Asian Development Bank.

Analysts said this suggested that the bank would be encouraged to guarantee

loans from ailing Asian countries, as the World Bank is already doing selectively, so that they could issue bonds to recapitalize banks that lend to companies for expansion.

Because of the financial crisis and recession, many East Asian countries can no longer raise money in international capital markets because the interest rates demanded by potential lenders are too high.

The credit shortage and economic slowdown have also caused a sharp contraction in Asian trade, especially imports.

Mr. Gore said that the U.S. Export-Import Bank would provide an additional \$1 billion in medium-term trade finance for Indonesia, Thailand and South Korea. This supplements \$5 billion already made available by the United States to those countries to revive trade.

Mr. Gore added that the Overseas Private Investment Corp. would provide more than \$2 billion in insurance and financing to support new private investment in Asia.

Mr. Clinton and Mr. Obuchi said in their statement that the United States and Japan would shortly organize a meeting in Tokyo of senior officials and technical experts, from both countries and from other Asian economies and multilateral institutions, to finalize details of the program.

Japan and the United States welcome the participation of other economies in this initiative and encourage any interested economies to attend this meeting," they said. "The entire international community has a stake in restoring growth in Asia."

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EUROPE

# No Answers (but No Panic, at Least) in Primakov's Russia

By Daniel Williams  
Washington Post Service

MOSCOW — When Prime Minister Yevgeny Primakov took office, miners and other workers had embarked on wildcat strikes, rumors of impending violence circulated widely and Russians panicked about where their next paychecks were coming from and how much they would be worth. A rudderless Russia seemed headed for disorder, even disintegration.

Two months later, Mr. Primakov has yet to explain fully his plans for pulling the country out of economic depression, winter food shortages still threaten wide areas, and the day-to-day value of money is anyone's guess. Yet, the streets are quiet, and forebodings of violence have evaporated. Most politicians say only good things about Mr. Primakov, and he is by far Russia's most

trusted leader, polls show. Mr. Primakov could be called Russia's Great Tranquillizer.

"There's no question that Primakov has brought political stability," said Vyacheslav Nikonov, director of Politika, a Moscow research institute. "The country is not in panic. This is his main achievement."

This calm contrasts sharply with the alarm in Western capitals, particularly Washington, over Russia's fate. Deputy Secretary of State Strobe Talbott, the senior Russia hand in President Bill Clinton's administration, warned last week that under plans floated by the Primakov government to print rubles and abandon tight spending policies, Russia will be "at the mercy of the printing press, cranking out rubles to meet payrolls and keep bankrupt enterprises afloat."

The economy is most likely to get

worse before it gets better, he said. "Economic decline carries with it the danger of political drift, turmoil or even collapse," he said.

Not a few Russian observers share such concerns, but they argue that a weakened and ailing President Boris Yeltsin was willing to take economic risks in return for quiet.

"Immediate peace was gained at the expense of driving reforms underground," said Alexander Bekker, a leading political journalist. "The problem is, the calm can't last so long as the basic problems still exist."

Andrei Piontovsky, a columnist and political analyst, said: "Primakov is playing two roles at once. He is a presidential stand-in concerned with national unity at the same time he is a prime minister who may have to take unpopular decisions. It is impossible to play both roles."

Mr. Primakov's government has produced a hodgepodge of ideas, many of them contradictory. Mr. Primakov's cabinet sometimes seems to be more of a debating society than a decision-making body. Its members are unable to agree, for instance, on whether and how much to inflate Russia's economy by ruble devaluation.

Yuri Maslyukov, the deputy prime minister in charge of economic affairs, said 15 billion rubles (\$941 million) ought to be printed. Later, the number was upped to 25 billion. Finance Minister Mikhail Zadornov, a holdover from previous market-reform governments, warned that to cover expenses, 80 billion will have to be minted. Mr. Primakov said that ruble "emissions" would be minimal — and that is where the matter has been left.

In effect, Mr. Primakov chose a cabinet of warring camps — a situation not

terribly different from previous cabinets in which market reformers and advocates of government involvement in the economy competed.

"The problem is that the personnel of the government itself was chosen according to the principle of compromise," wrote the newspaper Izvestia in a critique.

Nonetheless, there is a change. In the past, the balance of power fell on the side of the reformers, whose champion, Anatoly Chubais, was usually in charge of overall economic policy.

This time, Mr. Maslyukov, a veteran Soviet central planner, is in charge. He resolutely rejects the austere budgets that past governments tried to enforce as well as the abandonment of Russian industry. He favors subsidies to ailing industries, especially defense factories, and has advocated the printing of money to cover handouts.



An old woman begging passers-by for money in an underground passage in Moscow.

## 3 Convicted For Crimes Against Serbs

The Associated Press

THE HAGUE — A United Nations tribunal convicted three men on Monday of war crimes committed against Bosnian Serbs in 1992, but dropped some murder and torture charges against them and acquitted their top commander.

In its first case to deal with atrocities against Serbs, the criminal tribunal for the former Yugoslavia cleared Zdravko Mucic, a Muslim, of responsibility for war crimes committed at a Bosnian government-run prison camp under his overall command.

The prosecutor, Grant Nieaman of Australia, said he would appeal Mr. Mucic's acquittal. Judges freed Mr. Mucic pending the outcome of the appeal.

"Let me thank you for a just and fair judgment," Mr. Mucic told the court. "I think it is a very wise judgment and a very courageous one."

He added, "The judgment has even increased my trust in this institution."

The tribunal convicted a camp commander, Zdravko Mucic, a Croat, of 11 war crimes and grave breaches of the Geneva Conventions because he oversaw guards who murdered nine Serbs and tortured six. Mr. Mucic smiled as he heard his seven-year sentence pronounced.



Zdravko Mucic, left, shaking hands with his attorney Monday before the court session in The Hague at which he was convicted of 11 crimes.

The deputy prosecutor, Graham Blewitt of Australia, said he was considering appealing Mr. Mucic's "inadequate" sentence.

Mr. Mucic's conviction was the first by an international court on the basis of "command responsibility" since post-World War II trials convicted German and Japanese superiors for the crimes of their subordinates.

"Mr. Mucic was clearly derelict in his duty," said the presiding judge, Adolphus Karibi-Whyte of Nigeria, "and allowed those under his authority to commit the most heinous of of-

fenses, without taking any disciplinary action."

Hazim Delic, a Muslim who served as Mr. Mucic's deputy, was found guilty of two murders and of raping two women as well as torturing other inmates. He was sentenced to 20 years in prison by Judge Karibi-Whyte, who denounced rape as "a despicable act which strikes at the very core of human dignity and physical integrity."

Esad Landzo, a Muslim guard, convicted of killing three prisoners and torturing at least three others, was sentenced to 15 years. His attorneys are likely to appeal the conviction.

## Germans Won't Give Direct Aid to Russia

The Associated Press

MOSCOW — Germany will not give Russia any emergency financial aid outside the money it is providing through international lenders, Chancellor Gerhard Schröder told Russian leaders in Moscow on Monday.

"The possibilities are exhausted" for additional German aid, Mr. Schröder said, although Bonn sent along 1.5 metric tons of medicines with the chancellor for Russia, German officials said.

Mr. Schröder, on his first trip to Russia as Germany's leader, met with Prime Minister Yevgeny Primakov on Monday. Both pledged to ensure that Russian-German relations would continue to flourish.

Mr. Schröder's predecessor, Helmut Kohl, had close ties with President Boris Yeltsin of Russia, a relationship that had helped secure significant German investment and aid.

Mr. Primakov said the relationship with Germany was a "priority" for Russia.

"We realize Germany's standing in Europe and the world and retrospectively view the path it has traveled since the end of World War II to its current prosperity," Mr. Primakov said at the start of the meeting. "Naturally, we would like to learn more about your experience."

The Russian government needs foreign aid to pay off its huge debts, but the International Monetary Fund and other international lenders have stopped releasing loans, saying they want Moscow to start carrying out a sound economic plan first.

He is opposed by the Finance Ministry, which has drawn up a tight budget for next year. Deputy Finance Minister Oleg Vyugin said the cabinet is split over where to cut taxes, how much of a budget deficit to tolerate and whether the state should print money to stimulate industrial growth.

Mr. Primakov has kept his opinions to himself. An adjective commonly applied to him is "Sphinx-like." His style of running cabinet meetings is described as academic, as if he were running a seminar. No one shouts, least of all him, and everyone is heard. His economic program has been modified several times, and sometimes he edits copies of it by hand.

The Communists seem attracted by Mr. Primakov's emphasis on solving short-term problems of wage delays to state workers, delivery of welfare benefits and ensuring food supplies. "We believe the core of the approach is the normalization of people's lives," said Igor Bratishchev, a Communist Party member and economist.

Moreover, the Communists are pleased with the absence of sweeping reform proposals. In that, the contrast between Mr. Primakov's reign and that of a predecessor, Sergei Kiriyenko, is striking. Nothing is heard about basic reforms of the pension system, an end to housing subsidies or the streamlining of the bureaucracy. No more rhetoric about bringing powerful tycoons to heel

### BRIEFLY

#### Kurd's Extradition Resisted in Italy

ROME — Prime Minister Massimo D'Alema said Monday that Italy could not accept extraditions to countries where the death penalty was in force and would resist threats or pressure over the arrest of a Kurdish guerrilla leader, Abdullah Ocalan.

Speaking at a weekly news conference, Mr. D'Alema said the Rome Court of Appeals would make a final decision on Mr. Ocalan, who Mr. D'Alema said had asked Italy for political asylum.

Prisoners at a Turkish jail, meanwhile, released an Italian prisoner on Monday whom they had been holding hostage to put pressure on Italy to extradite Mr. Ocalan, Anadolu news agency said. Mr. D'Alema had expressed concern for Mario Calaschetta's situation. (Reuters)

#### Spanish Neo-Nazi Is First One Jailed

BARCELONA — A Barcelona court set a precedent in Spain on Monday by convicting and sentencing a bookshop owner to five years in jail for denying the Holocaust and for promoting racism and anti-Semitism.

Pedro Varela, a former head of a defunct Spanish pro-Nazi group, was tried last month after his arrest in December 1996. The police confiscated thousands of pro-Nazi books and videotapes as well as hundreds of swastikas and other Nazi propaganda material in a raid on his bookshop in central Barcelona.

News reports said Mr. Varela was sentenced to two years for denying the Holocaust and three years for encouraging racism and anti-Semitism.

It was the first time a person has been tried for such crimes in Spain since they were outlawed in the Penal Code of 1996. (AP)

#### EU Security Talks

ROME — Western European foreign and defense ministers began talks Monday on how Europe can assume more responsibility for its security, particularly in managing crises.

The talks were the first since Britain gave new impetus this fall to the debate on European security by dropping its opposition to the European Union's developing a military role.

Meetings were taking place under the aegis of the Western European Union, which a majority of EU countries want to develop as the bloc's security arm. (AFP)

## RUSSIA: Dangerous Relics From Cold War

Continued from Page 1

at the present pace, it will take decades to remove the mountain of spent nuclear fuel that has accumulated on the Kola Peninsula. More than 100 decommissioned submarines, reactors intact, are floating into rusty oblivion in nearby fjords and bays because Russia cannot afford to off-load their spent fuel and cut them up.

"We can't cope with this problem until we become a rich country," said Andrei Zolotov, a chemical engineer who works with Russia's fleet of civilian atomic icebreakers and who played a key role in exposing Russia's dumping of old naval reactors in the oceans in the early 1990s. "In the near future we are not going to solve it. It will take 20 to 30 years to off-load all the fuel in the north."

In recent years, the United States, Russia's neighbors and environmental groups have all raised alarms about the growing backlog of submarines and nuclear materials in Russia's Northern Fleet. There has been some progress: Russia stopped dumping nuclear waste at sea and has started processing some liquid waste.

But the main problem — what to do with the nuclear fuel and reactors — has left Russia paralyzed. It is another costly, unresolved legacy of the Cold War.

In the Soviet era, "when they produced nuclear submarines, it's ridiculous, but nobody thought about how to decommission them," said Alexei Yablokov, head of the Center for Russian Environmental Policy in Moscow. "How is it possible, even in such a centralized economy, that no one thought about the fate of these submarines?"

This year, the problem has been compounded by Russia's deepening economic woes. Food shortages have stricken the navy, and calls have gone out for donations of potatoes to feed sailors. In August, a 19-year-old submariner went berserk, killed eight people, locked himself in the torpedo room and threatened to blow up the ship before killing himself. A nuclear-armed submarine had an accident last May that caused panic in nearby towns; it remains unexplained.

While the pace of destroying the submarines and reprocessing the fuel has lagged, the authorities have tried to conceal pollution and accidents. The Federal Security Service brought treason charges against two whistle-blowers who called attention to nuclear accidents and waste dumping. The Northern Fleet refused to respond to a reporter's questions about the submarine problems.

Unsuccessful in disposing of the pileup of nuclear materials, the navy transferred the mess last July to the Atomic Energy Ministry. The ministry is also facing hard times; its nuclear weapons scientists go unpaid for months at a time.

To cope with the submarine problem, the ministry announced it would use budget money and also sell scrap metal from the submarines. But Russia's government finances are worse than ever, and Mr. Zolotov, the chemical engi-

neer, raised doubts about whether salvage work alone would pay the bill.

"This is not the kind of investment that brings profit. You just have to spend it," he said, adding, "The whole cycle of nuclear fuel is going to cost billions."

In Murmansk, a sign tells passers-by the time of day, the temperature and the current level of radiation. The sign is an apt metaphor for a region that has 18 percent of the world's nuclear reactors, according to Bellona, the Norwegian environmental group that has been calling attention to the hazards for several years.

Today, the Kola Peninsula, about 144,500 square kilometers (55,600 square miles) in Russia's far northwest, between the Barents Sea and the White Sea, is a brimming nuclear fuel warehouse. Deposits are packed with spent fuel assemblies, some of which have broken apart. In one of the most serious cases, at Andreeva Bay, a storage tank began to leak and some fuel assemblies fell to the bottom of a cooling tank. Although the tank was emptied and the fuel moved, the area is still contaminated with radiation. Environmental groups such as Bellona have long warned about the Andreeva Bay facility, and the Atomic Energy Ministry recently acknowledged that the situation there requires "urgent measures" to "reduce the ecological risk."

Western countries, alarmed by the potential environmental hazards, are beginning to offer help. Norway recently signed a \$30 million agreement with Russia, and the United States, as part of the Nunn-Lugar program, is providing cutting equipment to help destroy submarines that must be eliminated under arms control treaties. Washington also is expected to get more deeply involved with resolving the spent fuel backlog.

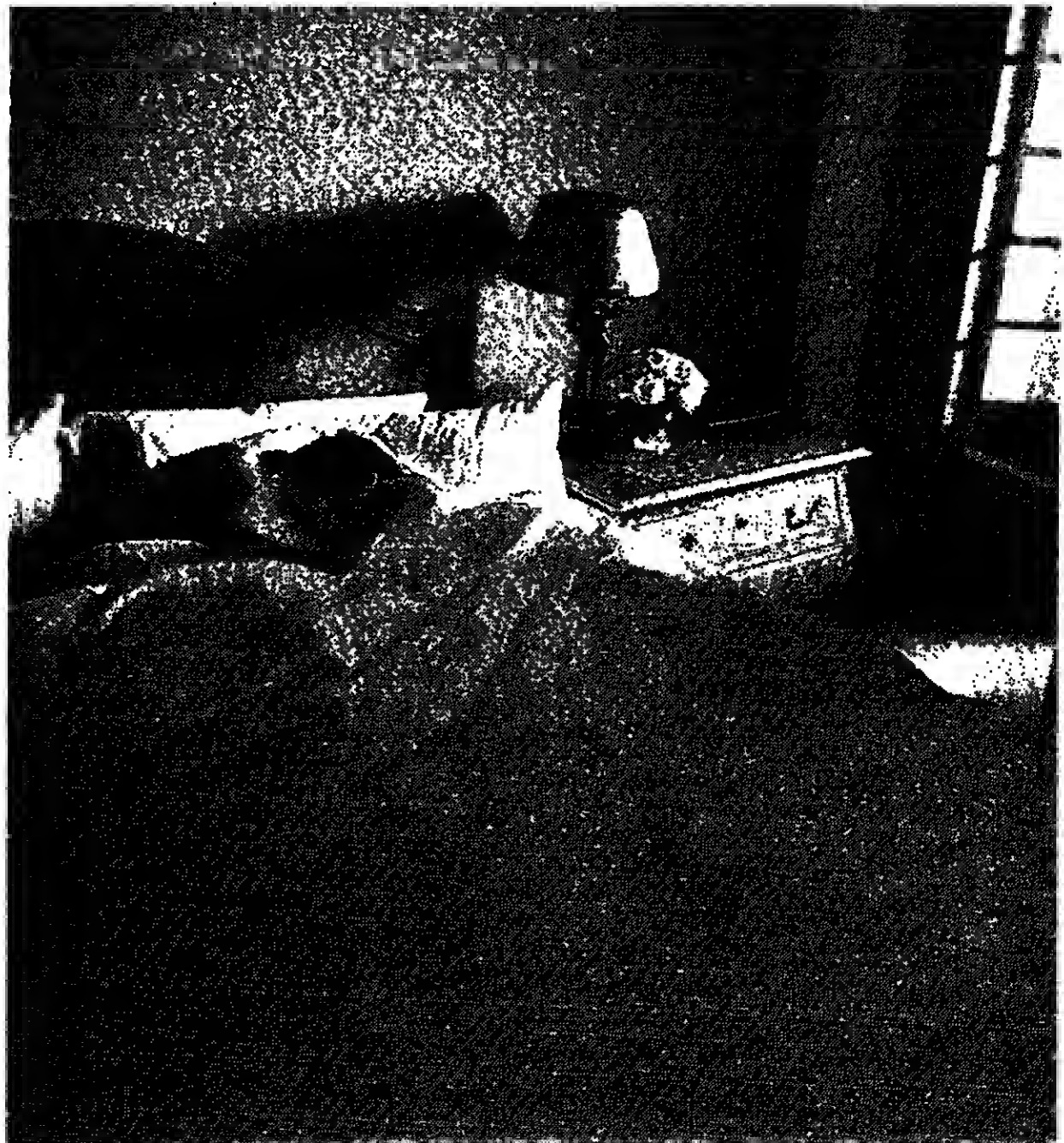
Meanwhile, Murmansk and the navy towns to the north live with the prospect of catastrophic accidents on both active and decommissioned submarines.

In 1994 and again in 1996, Bellona published reports on radioactive pollution by the Russian Northern Fleet. The second report included a long description of submarine accidents. The language was blunt, describing how Soviet-made submarines were hastily built using poor-quality metals and how poorly crews were trained.

One of the authors, Alexander Nikitin, a retired navy engineer and safety expert, was accused of espionage for his contribution to the document. The Russian Federal Security Service searched Bellona's offices in Murmansk, confiscated documents and tried to stop copies of the Bellona report from entering the country.

Mr. Nikitin, who once had a top-secret clearance, was accused of gaining access to classified information in a navy library and giving Bellona "data which discloses design faults" in naval submarine reactors. Mr. Nikitin denied the charge. After a trial in St. Petersburg, the judge sent the case back to investigators, saying the espionage charges were too vague.

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## ASIA/PACIFIC

## Jakarta Questions Habibie's Critics

### Crackdown Follows President's Warning to 'Subversive Elements'

By Seth Mydans  
New York Times Service

JAKARTA — In its first crackdown on political opponents since taking office six months ago, the government of President B.J. Habibie interrogated 11 prominent critics Monday and barred most of them from leaving the country. The targets included two respected former generals who had also opposed President Suharto, as well as several prominent middle-class figures and a sister of one of Mr. Habibie's chief political rivals, Megawati Sukarnoputri. A police spokesman said more interrogations would follow.

Government critics said Mr. Habibie was betraying his promises of political openness and resorting to the tactics of his predecessor, Mr. Suharto. The interrogations follow huge demonstrations in recent days in which at least 16 people, including 8 students, were killed and many scores were wounded. It was the worst violence here since citywide rioting last May that helped bring down Mr. Suharto.

On Saturday Mr. Habibie announced that he had ordered the military to take firm action against what he called "subversive movements." The interrogations began soon afterward, with some of the targets taken from their homes late at night.

In a speech Monday, with his defense minister, General Wiranto, at his side, Mr. Habibie said, "With concern, we see how certain political groups have tried to use the student movement to topple the legitimate government, obstruct the reform agenda and damage people's trust in the government."

Since Mr. Habibie took office, succeeding Mr. Suharto from his vice presidential post, critics have challenged his legitimacy to lead the country. Mr. Habibie enjoys only thin public support and shares a delicate balance of power with the military.

A Parliament session last week scheduled a new election for next spring, to be followed by an electoral assembly that would name a new president. But Mr. Habibie's opponents want to remove him immediately.

Most of the people summoned for questioning had signed a communiqué last week calling for Mr. Habibie to be replaced by a transitional government led by a presidium of community leaders, with elections to follow.

"I fear the students will take to the streets again, even more brutally," said Adnan Buyung Nasution, a prominent human rights lawyer.



"Beware of Suhartoism" warns a sign depicting Indonesia's former president as a vampire during a demonstration Monday in Jakarta.

## KOREA: Policy in 'Disarray'

Continued from Page 1

sort of inferiority complex recently, so this would probably be a good time for Clinton to reassure us that the U.S.-Japan relationship is the most important," said Yasunori Sone, a Keio University political science professor spending this year on a research fellowship at Harvard University.

While Mr. Clinton is expected to urge Japan to continue efforts to revive its economy, he is also arriving here to give Japan the reassurance it is looking for. That will be easier in light of the new stimulus package announced Monday, which Masakazu Toyoda, a top official in the Ministry of International Trade and Industry, called a "welcome souvenir" for Mr. Clinton.

Mr. Obuchi, struggling to gain public confidence, hopes the massive economic revival plan will give Mr. Clinton reason to praise Japan, rather than chastise it, during his two-day visit that starts Friday — his first trip to Japan since 1996. The stimulus plan was also aimed at assuaging critics at this week's meeting of the Asia-Pacific Economic Cooperation forum in Malaysia.

Mr. Clinton continues to take a hard line on Japan's economic efforts, Mr. Sone said, it could cause further deterioration of relations between the world's two largest economies at a time of great uncertainty in international financial markets.

"The relationship is more tenuous than it has been for many years," said Ezra Vogel, a leading Asian scholar who has served as a top adviser on the region to the U.S. government.

Japan may get the reassurance it is looking for in classic Clinton style, as the president is scheduled to appear on a "town meeting" type of television show where ordinary Japanese ask him questions. Mr. Morita, the analyst, said it would be "impossible" for Mr. Clinton to win over a Japanese public that it part blames America for the policies it preaches for Japan's rising unemployment, soaring bankruptcies and the increasing suicide rate that has resulted.

Mr. Morita said many Japanese believed that the economic remedies the United States has been pushing — deregulation, more transparency in business, less reliance on cronyism and tougher lending standards — had led Japan deeper into economic trouble.

"Most of the public will think it's just a show," Mr. Morita said of Mr. Clinton's television appearance.

Others give Mr. Clinton better odds on warming up the Japanese public. "They don't have a feeling he's really committed to Asia, but they like him," Mr. Vogel said.

Beyond economics, officials in both Japan and South Korea say they are worried that the hinges have come completely off Washington's policy toward North Korea at a time when Pyongyang is making its most threatening gestures in recent years.

Pyongyang has given Asia the jitters with its test-firing of a surprisingly sophisticated rocket over Japanese territory in August. U.S. spy-satellite images show that thousands of North Korean workers are digging a huge underground complex that defense officials fear may be designed to produce nuclear weapons.

Those reports have severely strained Mr. Clinton's engagement policies toward the Stalinist state. In response to the criticism, Mr. Clinton last week appointed a former defense secretary, William Perry, as North Korea Policy Coordinator charged with conducting a review of all U.S. policies toward Pyongyang.

A high-level delegation from the U.S. State Department, led by a special envoy, Charles Kartman, is visiting North Korea this week to press for an explanation of the huge underground construction project.

Critics say a landmark 1994 deal, in which North Korea agreed to shelve its nuclear weapons program in exchange for two nuclear power plants and deliveries of fuel oil, should be abandoned if it turns out that North Korea is again pursuing nuclear weapons.

## Okinawa Voters Appear to Put Economy First

By Kevin Sullivan  
Washington Post Service

TOKYO — In a boost for U.S. military interests in Japan, a pragmatic conservative has been elected governor of Okinawa, defeating the incumbent, Masahide Ota, a vocal critic of the U.S. troops stationed in his island prefecture.

The governor-elect, Keiichi Inamine, 65, former chairman of a local petroleum company, has promised a more moderate stance toward the troops than Mr. Ota, 73, who has advocated removal of all 29,000 of them from Okinawa by 2015.

The U.S. troop presence is a divisive issue in Okinawa, but in the end voters seemed more concerned

with the prefecture's sickly economy. Japan's least populous prefecture has the nation's highest unemployment rate, 9.2 percent, and a business base that has been deeply affected by the national recession.

The people of Okinawa are weary of years of accidents, crime and other poor behavior involving the Americans stationed in their midst. But Mr. Inamine's election signals a new willingness to work with the U.S. military to reduce the problems, rather than against it to force the Americans out.

The election result comes as a relief to the government of Prime Minister Keizo Obuchi, which campaigned for Mr. Inamine. Mr. Ota's hard-line stance on military issues created dif-

ficulties for Tokyo, which is trying to forge closer military ties with Washington while assuaging anti-base sentiment in Okinawa.

In a victory speech Sunday night, Mr. Inamine said: "Okinawa is plagued by a deep sense of no-way-out, being mired in both the base issue and flagging economy. I want to break that impasse." With more than 98 percent of the ballots counted, he had received 370,225 votes to Mr. Ota's 332,796.

Mr. Inamine noted in the campaign that the U.S. presence, while often difficult, added jobs and money to the local economy. More important, he contended that a more pragmatic approach to the troops would free up economic assistance from the nation-

al government. Tokyo has frozen hundreds of millions of dollars in development aid over Mr. Ota's stance, which has made it hard for Tokyo to fulfill some promises to Washington.

The most contentious election issue was a floating heliport that the U.S. military proposed building off the coast of Okinawa to replace the Futenma Marine Corps Air Station, an airstrip in the middle of a congested Okinawan city.

Both Mr. Ota and Mr. Inamine opposed the floating heliport. Mr. Ota said Futenma should be closed and its operations moved to another area of Japan — or perhaps Hawaii or Guam. Mr. Inamine said a new heliport should be built in the less congested northern part of Okinawa.

# Southern Africa

## Trade & Investment Summit

### Cape Town, December 1-2, 1998

The International Herald Tribune is convening its fourth annual Southern Africa Trade & Investment Summit in December.

Speakers include: President Festus Mogae of Botswana, Prime Minister Hage Geingob of Namibia, Deputy President Thabo Mbeki of South Africa, Prime Minister Pascoal Manuel Mocumbi of Mozambique and William Daley, US Secretary of Commerce.

This will be joined by business and finance leaders from the region, as well as renowned international figures and senior representatives from some of the world's leading companies currently investing in Southern Africa.



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THE WORLD'S DAILY NEWSPAPER

## BRIEFLY

### Taliban Foes Report Taking More Land

ISLAMABAD, Afghanistan — Afghan forces loyal to Ahmad Shah Masoud gained some territory from the Taliban Islamic militia after heavy fighting in northern Afghanistan on Monday, a Pakistan-based Afghan news service said.

The Afghan Islamic Press, quoting its sources in Afghanistan, said that Mr. Masoud's forces launched an attack on the Taliban in the Nijrab district of Kapisa province and seized some ground from the Islamic militia.

A Taliban spokesman said that the militia might have lost some territory to Mr. Masoud, but that the opposition's advance had been stopped. Nijrab is 60 kilometers (36 miles) north of Kabul, the Afghan capital. (Reuters)

### India Tests Naval Missile

NEW DELHI — India successfully completed a series of test firings on Monday of the naval version of its surface-to-air Trishul missile, the Press Trust of India reported.

The news agency quoted the chief controller of the Defense Research and Development Organization, A. Sivathanu Pillai, as saying that all mission objectives were fully realized and with this launch the present series of tests of the missile's naval version had been completed.

The project's director, A. K. Kapoor, said the missile was fired at a floating target from a navy vessel in southern Cochin. (Reuters)

### Chinese Ecologist Killed

BEIJING — China's leading protector of the endangered Tibetan antelope and other rare species was killed in a remote northwestern province on Nov. 8, China Youth Daily reported Monday.

The conservationist, Zhaba Duojie, deputy Communist Party secretary of Zhidui County in Qinghai Province, was gunned down at his home in nearby Yushu, the newspaper said, using his Chinese name.

The wife of the ethnic Tibetan conservationist had gone to a neighbor's house when she heard three shots from their home and rushed back to find her husband lying in a pool of blood with a bullet hole below his left ear. The killing is under investigation. (Reuters)

### Sindh Legislators Barred

KARACHI, Pakistan — Hundreds of policemen used water trucks Monday to seal off the assembly building of Sindh Province in an attempt to stop opposition lawmakers from holding a session the government says is illegal.

On the orders of the provincial governor, Moinuddin Haider, the police blocked roads and did not allow 54 lawmakers to enter the assembly. Prime Minister Nawaz Sharif's government dismissed the Sindh government on Oct. 30. Mr. Sharif said the move was justified to stop violence in Karachi, the capital of Sindh and the country's financial center. (AP)

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### Opposition Rejects Bid to End Strikes in Bangladesh

The Associated Press

DHAKA, Bangladesh — Bangladesh's main opposition leader on Monday rejected an offer by the government of Sheikh Hasina Wazed to try to bring an end to series of political strikes and instead announced a new campaign against the governing party.

At a public rally Monday, Khalida Zia, leader of the main opposition Bangladesh Nationalist Party, threatened to enforce a "continuous" strike if the government did not end what she described as "repressive policies" toward its opponents. On Sunday, Sheikh Hasina urged the country's political parties to bring an end to strikes that have hobbled the economy.

Seven people were injured, and more than 500 injured during last week's 60-hour strike, the longest shutdown since Sheikh Hasina's government came to power two years ago. Business leaders claimed the strike cost the impoverished country \$200 million in revenue.

But Begum Zia said her campaign was justified. "Our movement is to protect the country and the people," she said, calling for a new hunger strike on Nov. 23 to protest government policy.



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# THE OTHER AFRICA

## U.S. AWAKENS TO POTENTIAL OF AFRICA'S MARKETS

Trade, though still at low levels, is growing fast.

Spurred by market-oriented reforms in Africa and the Clinton administration's emphasis on trade, U.S. corporations are increasingly looking to the vast but still largely untapped market in sub-Saharan Africa.

There has been a very, very important shift, a paradigm shift, in relations between Africa and the United States, from one based on aid to one based on trade and investment," says Sidi Jammeh, chair of the Africa Club, which is composed of 200 employees of the World Bank and International Monetary Fund.

U.S.-Africa trade has been growing at double-digit rates over the last three years. The United States already exports 20 percent more goods and services to sub-Saharan Africa than all the states of the former Soviet Union. But the dollar amounts remain small. In 1996, U.S. exports to sub-Saharan Africa totaled only \$6 billion, less than one percent of all exports.

While the United States bought \$15.1 billion worth of goods, primarily crude oil and minerals, from Africa in 1996, the continent accounted for less than 2 percent of total imports.

### Largest untapped market

"Africa represents the largest untapped market," says Rose Whitaker, the new — and first — U.S. assistant trade representative for Africa.

Ms. Whitaker's appointment was one of many signs this year that the Clinton Administration and Congress have taken to the importance of the African market.

Deputy Secretary of Commerce Robert L. Mallett says, "Africa represents a great opportunity for the United States. It is a new market that Americans have never paid much attention to."

With a new Congress set to convene in January, supporters of the African Growth and Opportunity Act, which represents a historic shift in U.S. policy toward Africa, are optimistic that the legislation will be approved in 1999.

Citing bipartisan support for passage, Mr. Mallett says, "I'm quite optimistic. I think we have an excellent chance of passage in the next Congress. I believe that there is going to be a renewed effort to get it done."

The bill embodies the Clinton administration's economic policy toward Africa, increasing access to U.S. markets for nations that are committed to political reform, providing market incentives and promoting private sector growth. The bill passed the House easily this year, then was incorporated into an omnibus trade bill that never reached the Senate floor for a vote.

Callisto Madavo, the World Bank's vice president for the African region, says, "The African Growth and Opportunity Act would be a great signal to Africa that Americans are concerned about Africa and are willing to provide opportunities for trade with America."

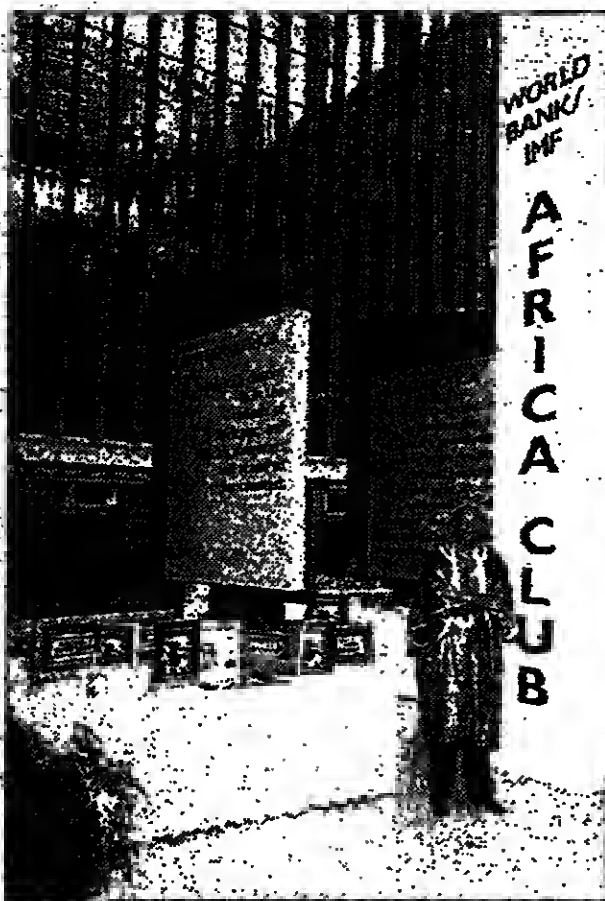
The legislation, which will be introduced early in the session, is expected to continue to emphasize trade-based partnership between the United States and sub-Saharan Africa instead of a relationship based on government aid.

### Growth attracting attention

U.S. companies are beginning to pay attention. Along with growing economies, market reforms, dismantling of state-centralized economic systems and political stability in many of these countries — 30 of Africa's 53 countries have held elections this decade — have created interest.

Of the 48 nations in sub-Saharan Africa, 16 had growth rates averaging 5 percent between 1995 and 1996, one of the highest in any developing region. More than a dozen nations, including Angola, Botswana, South Africa and Uganda, have averaged 7 percent annual growth.

The numbers alone are nearly irresistible. Almost 700 million people, 12 percent of the world's population, live in the sub-Saharan region. Half of the population is under 20, an



age that is alluring to marketers who are trying to build lifelong brand loyalty among consumers.

Private investment in Africa has expanded more than 10 fold since the beginning of the decade, to \$11.7 billion in 1996, although this represented only 2-3 percent of the private capital invested last year for the long term in all developing countries.

And investors have been handsomely rewarded. According to the Commerce Department, U.S. investment in sub-Saharan Africa generated a return of 31 percent in 1996, compared with 17 percent in the Middle East, 13 percent in the Asia-Pacific region and 12 percent in Latin America.

But if American corporations have largely neglected the continent, African businesses have also overlooked the U.S. market, which lags far behind Europe in market share. Africa sends 7 percent of its exports to the United States, compared with 30 percent to Europe.

Mike Williams, chief of staff to Jim McDermott, a Democratic congressman from Washington and a key supporter of the African trade act, told attendees at the Africa Day Business Forum that if they wanted to increase their markets, they had to abandon the entrenched patterns of trading with their former colonial powers.

"The United States is the only market that can allow growth at double-digit rates," he said. "If you're concerned about growing your economies, then you have to go to the big boys, and we're the big boys."

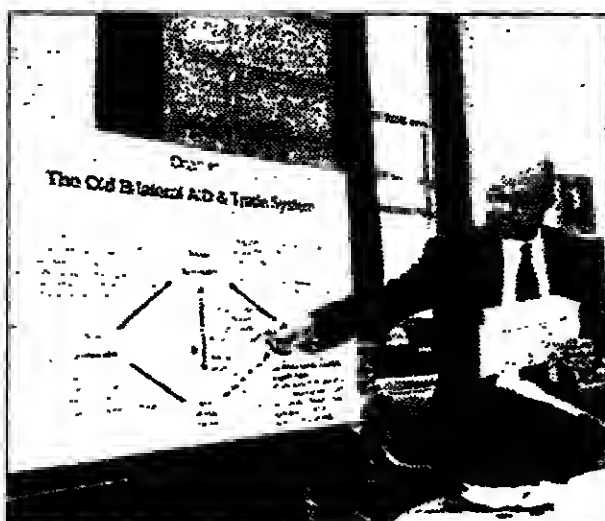
But despite hopeful signs, Africa's potential as a trading partner lies largely in the future.

James Wolfensohn, president of the World Bank, predicts that trade will grow slowly over the next few years as Africa achieves political stability and development. In the long term, he says, "I am bullish on Africa."

While opportunities exist, even the most optimistic officials acknowledge that poor infrastructure, corruption, an unskilled workforce, tariffs and other trade barriers represent obstacles to expanding trade and investment.

"Africa isn't as risky as it seems," said Judith Aidoo, chief executive officer of the Aidoo Group. "The reality is that there are a lot of wonderful places to invest."

"The only thing that Americans know about Africa is what they see on CNN," says James O. Osofion, president of the African Business Round Table. "There may be isolated problems, but there are plenty of places where people are working very hard to create a good business environment. And we need the United States' help to do that."



The World Bank/IMF Africa Club brought together African and U.S. entrepreneurs in Washington, D.C. on Oct. 22-25 for the Africa Day Business Forum. Photo on the right, from left to right: Eric Chinje, vice chairman of the Africa Club; James Wolfensohn, president of the World Bank; and Sidi Jammeh, president of the Africa Club.

## BRINGING BUSINESS PARTNERS TOGETHER

U.S. and African companies met at the Africa Day Business Forum

When Bella Marshall, president of Barden International, wanted to expand her business, she looked, like an increasing number of American executives, to the African market.

"Everyone is going to Africa these days because there is money to be made there. Profit is not a dirty word," Ms. Marshall said with a bit of hyperbole and lots of enthusiasm.

Ms. Marshall spoke at the Africa Day Business Forum, held in Washington, D.C., Oct. 22-25. Sponsored by the Africa Club, composed of World Bank and International Monetary Fund employees, the forum was an effort to bring together American and African entrepreneurs.

Ms. Marshall, who heads one of the United States' largest black-owned companies, opened a General Motors Corp. automotive distribution and retailing center in Windhoek, Namibia earlier this year along with a plant to convert vehicles from left-hand to right-hand drive. Detroit-based Barden Interna-

tional predicts that it will do \$30 million worth of business in its first year.

Ms. Marshall is emblematic of a new generation of business leaders, market-oriented and fiercely competitive, who are intent on expanding trade between the United States and sub-Saharan Africa. While an earlier generation primarily thought about the United States helping Africa through government aid, leaders in the 1990s are increasingly focused on a trade partnership between the world's most powerful country and the last emerging market.

World Bank President James D. Wolfensohn called the forum, "very important, because it is likely to increase trade among African businesspeople who might not otherwise know each other, and it gives an opportunity for networking which is extremely important to trade with the United States."

"This was an historic event," said Sidi Jammeh, chairman of the Africa Club. "There has never been a gathering of this size of Af-

rican entrepreneurs — over 450 entrepreneurs who had never met had a chance to talk to each other."

### Networking

One of the companies exhibiting at the Africa Day Forum was the Bruleric de l'Estuaire of Doula, Cameroon. The company has been roasting and blending arabica and robusta coffee beans since 1996. Annual sales now exceed 500 tons, with exports to Northern Europe ranging from the Netherlands to Sweden. But company spokesman Lazare E. Wouassom says that while the demand for its products has been increasing rapidly, its production capacity remains limited. "We are looking for a partner who is interested in forming a joint venture with us," Mr. Wouassom said.

The Agotime Keme Weavers Association is a collection of six weaving groups scattered in villages throughout Ghana. The weavers use traditional designs to make the highly stylized kente cloth, a sym-

bol of Ghanaian identity throughout the world.

Weaver Bird Kente and Designing, one of the weaving groups, has only 15 employees in rural villages in the Volta Region. Its managing director, Nene Nuer Keteku III, says, "We are a very small company, and we need assistance, working capital, so we can produce more."

His colleague, Stephen K. Agbawali, managing director of Cella Ltd. in the Makola-Accra area, says, "We are looking for American partners. We would like to get an American business to build a factory in our village. We have the land and the young people, but we need financing."

Among the U.S. companies at the forum was Cargill International. The agribusiness firm has invested in countries throughout sub-Saharan Africa, predominantly along the east coast. The company has some 4,000 employees in 23 locations.

Cargill's vice president, Bonnie Raquet, says, "We find that Africa is very ready to do business."

## BUILD, AND THE TRADERS WILL COME

Demand for telecoms and transportation infrastructure in Africa provides investment opportunities.

Africa must invest in the basic structure of modern commerce — airports, ports and particularly telecommunications — if it wants to increase international trade significantly, says Omar Kabbaj,

provides significant investment opportunities," says Mr. Kabbaj. "The required investment in these sectors cannot be realized without the active participation of private investors — domestic and foreign."

The opening up of state companies in Africa to private investment has been encouraging, says Mr. Kabbaj. But he points out that the privatization process must also include schemes to improve capital markets, protect workers' rights and give local people a stake in privatized enterprises. "The implementation of these actions requires substantial resources, and the United States can play an important role," says Mr. Kabbaj, citing cooperation between the group and U.S. organizations such as USAID and the Overseas Private Investment Corp.

At the recent Africa Day Business Forum in Washington, Robert L. Mallett, the deputy secretary of the U.S. Department of Commerce, told participants that significant opportunities on the continent were being ignored.

"It's a myth that to the extent business opportunities exist on the continent it's primarily from the extracting industries — minerals, mining and oil," Mr. Mallett said.

"There's telecommunications, there's infrastructure."

The telecommunications system, characterized by outmoded equipment and low network penetration rates, is particularly in need of investment, says Mr. Kabbaj. "Telecommunications infrastructure lies at the heart of the information economy."

Africa lags substantially behind the rest of the world in its ability to connect with the Internet. About one of every 5,000 Africans has an Internet connection, compared with one in 40 individuals worldwide.

Mr. Kabbaj says that the poor infrastructure has contributed to the continent's declining share of international trade, from nearly 6 percent in 1980 to an anemic 2 percent in the late 1990s.

"Competition in the international market is dependent

on the availability of adequate and efficient infrastructure, particularly export-serving facilities," he adds.

Until recently, the group's project financing was concentrated in the public sector, but, Mr. Kabbaj says, "this has changed with the decisive orientation of the bank towards the private sector."

Recognizing the importance of improving infrastructure, the group increased its support from 11 of such projects in 1996 to 30 in 1997. The bank now allocates 37.5 percent of its total loans and grants to the transportation and utility sectors.

Mr. Kabbaj says the payoff from such investment will be economic growth.

"The centrality of trade to the process of economic growth and poverty reduction cannot be overemphasized," says Mr. Kabbaj. ■



Omar Kabbaj, president of the African Development Bank.

president of the African Development Bank Group. But he says that African countries, with their already overburdened budgets, cannot afford to make these infrastructure improvements on their own.

"Clearly, the substantial demand for infrastructure

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### Development of Private Enterprise

Just like this little boy, many Africans are full of ambition for themselves and their countries, and possess skills equal to those of the company president! The private sector, with limitless possibilities for a lasting and stable development of the continent, must be aided and encouraged.

Within the ADB, the Department in charge of the development of private sector in Africa (OPSD), has the responsibility of putting into action the policies and strategy of the Bank in this area. The Bank has already granted loans and equities of USD 125 million, in favor of projects with a total cost of about USD 700 million. Assisted projects covered a wide range of sectors including infrastructure projects, financial institutions, manufacturing, mining, agro-business and tourism.

The ADB offers direct assistance without government guarantees to private enterprises and financial institutions through terms loans, equity participations, quasi-equity investments, guarantees and underwriting. The Bank also extends lines of credit to private financial institutions for on lending to small and medium enterprises.

The African Development Bank has equally initiated

and upheld efforts towards the creation of the African Export-Import Bank (Afreximbank). As part of its efforts to promote entrepreneurship and improve management of African enterprises, the Bank has also co-sponsored, with sister organizations, the creation of the Africa Project Development Facility (APDF) and the African Management Services Company (AMSCO), while redefining methods of more intense collaboration with non-governmental organizations.

The Bank will provide advisory services to African member countries on ways to improve the environment for private enterprise functioning and develop capital markets.

Through the African Development Fund (ADF), the ADB Group has launched new ways to assist African microenterprises under its "AMINA" (ADF Micro-finance Initiative for Africa) Program. This initiative will strengthen the capacity of microfinance institutions such as NGOs, village banks and credit unions to provide an appropriate range of financial services including savings and microcredit to the backbone of Africa's future prosperity: the micro-entrepreneurs, especially women.

## BUILDING A FUTURE FOR AFRICA

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## INTERNATIONAL

## Clinton Voices 2 Policies on Iraq With Big Consequences (If He Means It)

By Barton Gellman  
Washington Post Service

WASHINGTON — President Bill Clinton has set down two rhetorical markers that have profound implications for his policy on Iraq — depending on whether and how he follows through on them.

In what a senior adviser described as "an important policy statement" that the president intended to highlight, Mr. Clinton said flatly that he not only hoped for a change of regime in Baghdad, but also "will work for it" and "intensify that effort."

If he is serious, it means nothing less than a shift from containment to overthrow as his ultimate objective, a decision neither President George Bush nor Mr. Clinton chose to make before.

This is an unusual and awkward ambition to speak aloud in the world of

diplomacy — "an overt covert operation" to overthrow a sovereign government, as one senior intelligence official put it — and the announcement is driven in part by U.S. politics.

But the underlying decision, three defense and foreign policy officials said, is genuine and goes beyond Mr. Clinton's public offer of "political support" for the regime's opponents.

"I'm not going to go into how we intend to go about this," said an official at the center of Iraq planning. "This needs to be done prudently, with care, and we don't want to encourage foolhardy ventures. We're cognizant of the history here. Obviously if you're really going to change this regime, most of the real action that counts is going to have to be behind the scenes."

Mr. Clinton's second rhetorical com-

mitment, by contrast, will be tested for all to see in coming weeks. After nearly three months in which his subordinates almost wrote off United Nations arms inspectors, the president revived last winter's categorical demand for Iraq's "unconditional and complete" submission to the UN Special Commission, which is known as Unscow.

He announced, in effect, an intention to transform Unscow from the hapless victim of Iraqi obstruction — as his subordinates have described it since August — to a force capable of disarming Iraq of nuclear, biological and chemical weapons and the missiles capable of carrying them.

It is far from clear that Mr. Clinton means to back that demand — which many of his advisers said is certain to go unfulfilled — with an early resort to force. He has other tactical reasons for emphasizing it, first among them his

priority of keeping the stranglehold of an oil embargo on Iraq's economy.

By setting down five Iraqi obligations to Unscow, and by securing the public endorsement of the UN secretary-general, Kofi Annan, Mr. Clinton on Sunday hoped to reverse Iraq's effort, one official said, "to turn the table and make Unscow prove Iraq is guilty."

"We're trying to stress that the burden of proof is as it is laid out in the resolutions on Iraq," he said.

The government officials who watch Unscow most closely have made it clear for some time that they do not believe the inspectors are capable of disarming Iraq against its will. In an analogy used by two officials, a conquering army can dismantle a foreign military establishment, but an international panel of unarmed inspectors cannot. It was President Bush, they noted, who chose not to occupy Baghdad.

When Mr. Clinton chose in August to play down Iraq's halt to nearly all of Unscow's work, officials explained his restraint by describing the UN panel as merely one tool among many for containing Iraq and one that had outlived much of its usefulness.

Defense Secretary William Cohen, in congressional testimony a month ago, urged senators not to "overstate" the capacities of international inspectors: "If you take a group of 20 or 30 people, and you put them in a country the size of all of New England, plus New York, plus Pennsylvania, plus New Jersey, and say, 'Go find evidence of chemical weapons,' you are asking a great deal of those inspectors."

Unscow's problem has not, in fact, been mainly that it is searching for needles in haystacks because it had a good deal of help from national intelligence services and developed strong

leads on hidden stocks of forbidden arms. Its problem has been that the only doors Iraq would open to the inspectors were doors that led to no useful find.

In a lecture he gave just before he resigned in June 1997, Rolf Ekens, the commission's first executive chairman, noted Iraq's regular use of armed force to block inspections. "We are nothing in Baghdad," he said. "We are at their complete mercy. They can just stop our work at any time."

American military threats, when backed by a strong UN Security Council consensus, sometimes reversed Iraqi interference with Unscow. But for more than a year, the council's consensus has turned against the inspectors. France, Russia and China in particular supported inspections only when they were not "confrontational," which amounted to meaning they were unobjectionable to Iraq, which in turn amounted to meaning inspectors would discover nothing.

There is little evidence that this diplomatic lineup has changed fundamentally, despite the annoyance expressed by all three of those governments with Iraqi tactics of late. The question is whether Mr. Clinton intends seriously to try to reinvent Unscow.

"The purpose we have now set ourselves is to reverse that lack of tolerance for more assertive Unscow tactics," said a British official involved in Iraq policy. "We are not prepared to accept a hollow Unscow and the Unscow we've had this last 12 months is not good enough."

That is a surprising statement because more than half the year in question passed under the explicit threat — by the Security Council and Mr. Clinton personally — of "severest consequences" if Iraq in case of any interference with the arms inspectors.

The White House spokesman, Joe Lockhart, and the State Department spokesman, James Rubin, have also described Unscow as unable to do its job for eight of the last 12 months.

On one reading of their words, Washington and London therefore seem to be saying that Iraq did obstruct the inspections all this year, but this time the two governments really mean their threats.

One high-ranking defense official, acknowledging that "we're back to where we were last February," said nonetheless that "this should be the last straw."

"He either lives up to this one or I don't see how anyone could help but say he deserves whatever he gets," the official said.

There are several early tests available if that is true. Last July 18, for example, an inspection team led by Gabriel Krantz-Wadsworth briefly put its hands on a document at Iraqi Air Force headquarters detailing how many chemical weapons bombs were used against Iran during the eight-year Iran-Iraq war. It showed that Iraq dropped far fewer of the bombs than it reported to Unscow, meaning that there are many yet unaccounted for. When Iraqi officers realized what Ms. Krantz-Wadsworth had, they snatched it back from her.

## War of Words on Mideast Peace Pact

But Approval Is Expected as Israelis and Palestinians Discuss Details

By Deborah Sontag  
New York Times Service

JERUSALEM — The Israeli cabinet, which began a rowdy debate Monday, is expected to approve the Wye peace agreement on Tuesday by a significant majority.

Palestinian and Israeli leaders were playing to their constituencies with tough talk even as their subordinates, with the help of American envoys, negotiated crucial technical details of the land-for-security plan they signed Oct. 23 at the White House.

To hear the war of words these past few days, one could have been led to believe that the peace accord was in jeopardy. But even as the rhetoric was flying fast, the Israelis and the Palestinians were moving closer to carrying it out.

Breaking free of the restrained, statesmanlike demeanor that has recently characterized his public persona, Yasser Arafat, the Palestinian leader, this week threatened another Palestinian uprising if the peace process stumbles.

Israel's prime minister, Benjamin Netanyahu, in turn, demanded a public disavowal of violent threats, saying he would freeze the return of the next chunk of the West Bank to the Palestinians.

And, feeling particularly provoked, Ariel Sharon, Israel's foreign minister, urged Jewish settlers in the West Bank to grab every possible hill before the withdrawal of Israeli troops began.

"These are words meant to distract from the reality of the moment," said Yossi Beilin, a Labor Party member of Parliament and an architect of the peace process. "And the reality of the moment lies in the maps."

Starting at the Wye Plantation in Maryland, where Mr. Arafat donned the

cloak of elder statesman, he had remained calm in the face of every Israeli delay and even what his aides saw as direct provocations.

When the Israelis packed their bags as if to stamp off from the American-mediated peace talks, when they postponed implementation of the accord, and even when they took the first steps last week toward constructing a new Jewish neighborhood in southeastern Jerusalem, Mr. Arafat soaked it all up, as if he were above the fray.

But last weekend, at a rally in Nablus, a party meeting in Ramallah and in a Voice of Palestine broadcast, Mr. Arafat returned to the hard line in the face of internal dissent. First, he told a cheering crowd of thousands in Nablus that he still intended to establish a Palestinian state by next May, when the nearly five-year-old Oslo interim peace accord — the framework for the recent memorandum signed in Washington — expires.

"We will declare our independent state on May 4, 1999, with noble Jerusalem as its capital, whether they like it or not," Mr. Arafat said, speaking at a celebration marking the 10th anniversary of his last declaration of independence, made from exile in Algiers in 1988.

Then, on the radio and in Ramallah on Sunday, he said that "the path of peace" would be abandoned if the Israelis did not honor their commitments.

"Our rifles are ready, and we are ready to raise them if they try to stop us from praying in Jerusalem," Mr. Arafat said.

Referring to the Palestinian uprising that began in 1987, Mr. Arafat said, "The intifada went on for seven years. If they don't want to continue on the path of peace, we will start it all over again, but I tell them we have made the peace of the brave out of conviction."

Israel immediately responded with demands for an apology and threats of reprisal. If statehood really were declared, the Israelis would feel free to annex chunks of the West Bank, they said.

Mr. Arafat's statement "endangers the entire Oslo agreement and casts a very dark shadow over the Wye agreement as well," Mr. Netanyahu said.

And, addressing a Parliament of hecklers Monday, Mr. Netanyahu added that if Mr. Arafat did not take back his words, the first pullback of Israeli troops would be threatened.

"I do not intend to implement any withdrawal under such conditions, including the first, until this thing is corrected publicly and in an unequivocal manner," he said.

Like Mr. Arafat, the hawkish Mr. Sharon, who was appointed as foreign minister to placate the right, had been soft-spoken through the negotiations. Meeting with a group of settlers on Sunday night, however, after the Palestinian leader gave his speeches, Mr. Sharon sallied forth with his most provocative

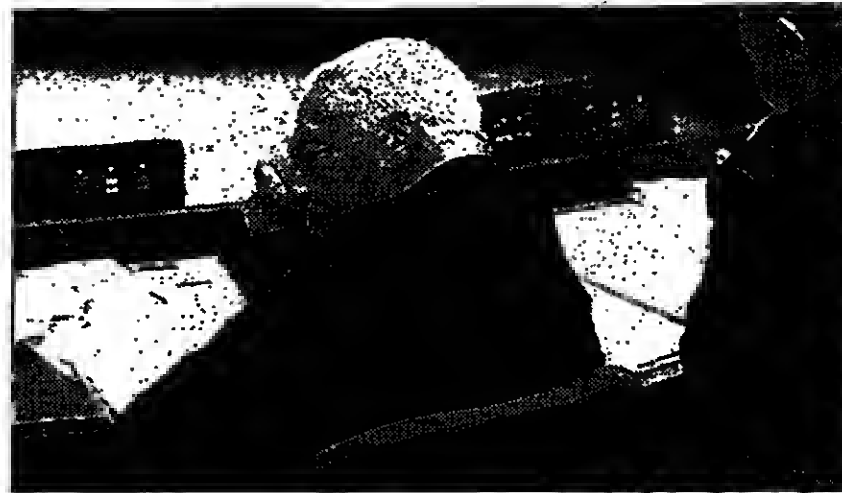
comments since he assumed the post.

The remarks were broadcast on Israeli radio Monday morning.

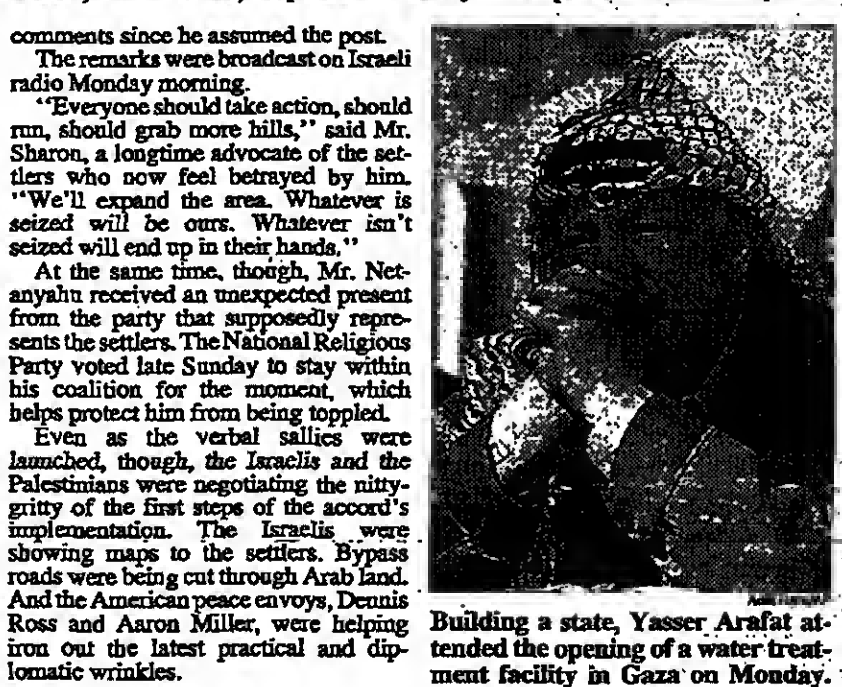
"Everyone should take action, should run, should grab more hills," said Mr. Sharon, a longtime advocate of the settlers who now feel betrayed by him. "We'll expand the area. Whatever is seized will be ours. Whatever isn't seized will end up in their hands."

At the same time, though, Mr. Netanyahu received an unexpected present from the party that supposedly represents the settlers. The National Religious Party voted late Sunday to stay within his coalition for the moment, which helps protect him from being toppled.

Even as the verbal salutes were launched, though, the Israelis and the Palestinians were negotiating the nitty-gritty of the first steps of the accord's implementation. The Israelis were showing maps to the settlers. Bypass roads were being cut through Arab land. And the American peace envoys, Dennis Ross and Aaron Miller, were helping iron out the latest practical and diplomatic wrinkles.



Foreign Minister Ariel Sharon taking a breather as the Labor Party's leader, Ehud Barak, responded Monday to the prime minister's speech.



Building a state, Yasser Arafat attended the opening of a water treatment facility in Gaza on Monday.

## Saddam's Goal, to Lead Arab World, Means Keeping His Weapons

By Tim Weiner  
and Steven Erlanger  
New York Times Service

WASHINGTON — With his latest act of brinkmanship, some analysts and officials say President Saddam Hussein of Iraq is closer to what he wants most: keeping a secret cache of biological and chemical weapons while gaining support for an end to the economic sanctions crippling his country.

Mr. Saddam's tactics, which American officials label "cheat and retreat," have long frustrated many in the White House and State Department, and have widened divisions within the UN Security Council over how to handle Iraq.

Many American officials predict that he will once again rebuff UN weapons

inspectors in a few months, again risking an attack, to protect his secret weapons. Why does he do it? His goals are simple — far simpler than those facing U.S. officials trying to thwart his ambitions.

"Saddam Hussein has vast megalomaniacal ambitions of being the leader of the Arab world and the hegemon of the Gulf, and he sees that his political survival depends on his keeping these weapons," said Jonathan Tucker, a leading expert on biological and chemical weapons.

"His political survival is his primary objective," Mr. Tucker said, "which is why he has accepted such a price to retain them."

The threat that he might someday unleash biological and chemical weaponry makes him a world figure. Without them, he is just another tyrant presiding

over a starveling Third World country.

"Without weapons of mass destruction, Saddam is not Saddam," said Judith Kipper of the Council on Foreign Relations. "With them, he's a regional and an international factor."

His secret weapons are his ace in the hole as he fights to keep his status as a leader in the Arab world and to preserve his ability to fight and deter his enemies, who include the Iranians, the Saudis, the Israelis and the Americans, say American officials and international analysts.

To maintain his chemical and biological weapons — and the ability to build more — Mr. Saddam has sacrificed more than \$120 billion in oil revenues and endured a harsh seven-year economic embargo. He has devoted his intelligence service to an endless game of

cat and mouse to hide his suspected weapons caches from UN inspectors.

Twice in the last year, when it appeared that the inspectors were getting close to the heart of his biological and chemical weapons secrets, he cut off cooperation with them, setting off another round of threats and defiance and risking a devastating attack by the United States.

Now, by agreeing to readmit the UN weapons inspectors, Mr. Saddam took a step that members of the Security Council have said is required before they can consider lifting economic sanctions imposed after Iraq invaded Kuwait in 1990.

Allowing the inspectors back in is a gamble the Iraqi leader may well feel is worth taking. He and his intelligence services have managed to keep Iraq's biological weapons programs largely

hidden from them despite nearly seven years of intense, intrusive inspections.

It has been 101 days since the last full-fledged inspection. The UN Special Commission, known as Unscow, which conducts the inspections, may well have lost track of developments at 120 suspected chemical weapons sites and 90 sites suspected of biological weapons activities.

The past seven years of inspections have destroyed some 38,500 chemical weapons and a secret biological weapons site, far beyond what seven weeks of bombing did in the Gulf War of 1991.

But much about the Iraqi biological programs is unknown, and they remain "a black hole," in the words of Richard Butler, chief of the special commission. The Iraqi leader, say government officials and private analysts, doubts that the United States and its allies have the will to remove him from power by any means necessary.

"He survives and thrives by acting and provoking," said Chibli Mallat, a Beirut lawyer and political analyst. "If Saddam agrees to have Unscow back and review his compliance, he'll be in a stronger position — having held back the wave of the threatened American attack."

He emerged from the latest crisis Sunday in control of his secret weapons sites, his soldiers, his spies, his palaces and his secret police — the pillars of his power.

He may now be confident that he can weather any political storm, protect his secret weapons and his personal power and emerge unscathed, just as he did during and after the Gulf War.

## IRAQ: Tensions Wind Down

Continued from Page 1

chance to evacuate. Last week, they left after receiving a U.S. warning.

Asked about this, a Pentagon spokesman replied, "I don't think anyone could speculate on exactly what the procedure would be until the time comes and the president decides, and he and his national security team discuss it." Asked whether the "no warnings" threat meant simply that there would be no attempt to seek UN Security Council approval, the spokesman replied simply, "Unknown."

Mr. Clinton, in seeking to project a determined front even as he stepped back from the use of force, said Sunday that the United States would work with Iraqi opposition groups until a government "committed to peace" took over from Mr. Saddam. On Monday, Iraqi newspapers denounced this as high-handed and provocative, Reuters reported.

Tariq Aziz, the Iraqi deputy prime minister, was also critical of Mr. Clinton's comments, saying, "I have to condemn strongly the statement of Mr. Clinton." He added, however, "We will cooperate. We have a commitment and we respect our commitments."

Critics in the U.S. Congress expressed grave doubts that Iraq, with its repeated pattern of provocations, would remain true to its latest commitment. Nor did they express confidence that the United States and Britain would face up to Mr. Saddam. They fear the failure to attack Iraq this time might be seen as a dangerous failure of nerve. "Saddam cannot be taken at his word," said Senator John Kerry, Democrat of Massachusetts. He said Sunday on Fox TV that the Iraqi's removal should be "our goal." Senator Arlen Specter of Pennsylvania, said on CNN that deposing Mr. Saddam "should be the next objective."

Mr. Cohen said Monday that the U.S. forces already in the Gulf region would remain "for the time being." That includes 23,000 troops, a dozen warships and 170 aircraft. In addition, reinforcements including six F-117s, six B-52 bombers, four B-1 bombers and some support aircraft that have reached the Gulf will remain for now, officials said.

The White House spokesman, Joe Lockhart, said the United States could punish Iraq at very short notice if it fails to cooperate with the work and movements of UN inspectors and provide them the documents they seek. "We remain poised to act," he said.

More than 50 U.S. warplanes, including 12 F-117A Stealth fighters and dozens of F-15 and F-16 fighter planes, had stopped at American bases in Europe en route to the Gulf. Mr. Cohen said they probably would return to the United States.

## ABORT: Clinton's Decision to Call Off Air Strikes Came Over Some Advisers' Views

Continued from Page 1

Pentagon that the attack plan would result in by far the most deadly military undertaking of his presidency, possibly killing 10,000 Iraqis. "That was the medium case scenario," an administration official said.

A consensus had emerged by the middle of last week among the administration's top officials that the attack should be launched Saturday, although Mr. Clinton did not give the final go-ahead until Friday, according to several officials familiar with the planning.

While Mr. Saddam had begun to disperse some of his military forces in anticipation of an attack, U.S. officials had not seen the extent of movement that they had expected if the Iraqi leader thought air strikes were imminent. Although the 11th-hour timing of Iraq's retreat, offered in a letter to the United Nations, suggested Mr. Saddam may have been tipped off to the coming attack, U.S. officials said the Iraqi leader had given little sign earlier of realizing how near it was.

"I think he thought that he had some days left," a senior defense official said. "Because there were still things there that we thought he would have tried to protect had he known we were coming."

Also driving the case for striking sooner rather than later, officials said, were developments on the diplomatic front. The UN Security Council had been unanimous in its condemnation of Iraq's break with UN weapons inspections. Russia and France, which had expressed sympathy in the past for Iraq's chafing at eight years of UN-imposed economic sanctions, had made clear their frustration with the latest Iraqi defiance. So had neighboring Gulf states.

"Things weren't ever going to line up much better for a military strike than

they were," said an administration official who had favored proceeding with it Saturday.

Most of the extra military forces that Mr. Clinton ordered to the Gulf last week to double the U.S. firepower there had yet to arrive, but administration officials had been saying for days that the United States had sufficient aircraft and ships in the region to carry out a strike. Pentagon planners had prepared two strike plans, described by one high-ranking official as "large" and "larger" in terms of the damage they would do.

The smaller plan, which relied heavily on cruise missiles, was tailored to the U.S.

force of about 180 aircraft and 23 ships that had been in the Gulf before the crisis broke two weeks ago. The other plan was for the expanded force, which included B-52 and B-1 bombers, F-117 fighter jets and a second aircraft carrier. The final plan that emerged, officials said, was a combination of the two.

Although administration officials had considered striking hard for a day or so, then pausing to gauge Iraq's reaction before proceeding with further strikes, officials said this "strike-pause-strike" option was rejected early in the planning process in favor of what would have been a continuous series of raids over at

least several days. Still, Mr. Clinton would have had the ability to call off the attack any time after it began.

In fact, one of the points made by those urging Mr. Clinton to proceed with the attack Saturday was that he could allow the first day of strikes to occur while studying Iraq's last-minute offer, then end the military operation if the offer or subsequent ones proved acceptable.

The prospect that many Iraqis might be killed as a result of a U.S. bombardment in the face of Iraq's apparent willingness to concede weighed heavily in favor of suspending the attack, officials said.

## ALLIES: France Cautions Iraq to Cooperate With UN for 'Weeks or Perhaps Months'

Continued from Page 1

viser, that the United States could strike Iraq without any new Security Council authority if Baghdad interfered again with the UN inspectors. Mr. Vedrine insisted that each crisis had to be treated separately.

"Our position is that the Security Council gave an orange light to the use of force in this showdown that would have made U.S. action defeatable," Mr. Vedrine said. Language in the resolution condemning Iraq's decision to break off cooperation with the arms inspectors — "flagrant" defiance leading to the "severest" consequences — could justify air strikes, he said.

But "that does not amount to an automatic right for Washington to decide by itself that it has a mandate for the use of force," he continued.

Acknowledging that Iraq's record of behavior made another confrontation all too likely, Mr. Vedrine indicated that in practice the need for a fresh consensus

behind military action could be met with a round of phone calls among Washington, London, Paris and other key capitals.

"We're not looking for a chance to engage in polemics with Washington and we're not trying to use questions of principle as a pretext that prevents us from acting when necessary," Mr. Vedrine said.

Mr. Vedrine acknowledged a gaping divergence in public opinion between the United States and his own country, where concern has focused on the plight of Iraqi civilians and on doubts about U.S. motives more than on concern about Iraqi weapons of mass destruction. The key difference between official policy in Washington and Paris cited by Mr. Vedrine centers on the comprehensive review of Iraqi compliance on arms that the Security Council has promised to undertake once Baghdad has demonstrated unconditional compliance with the inspection teams. That pledge was renewed by the Clinton administration this weekend.

At the heart of this review lie questions about how much certainty the inspectors can ever realistically obtain about the Iraqi arsenal and about what kind of long-term, semi-permanent monitoring could be installed afterward.

"We think that the United States has budged slightly in the direction of being willing to contemplate this step, which ultimately will have to be a political decision because there will never be a perfect technical conclusion," Mr. Vedrine said.

France shares the U.S. view, he said, that no sanctions should be lifted on Iraqi oil exports or on imports to Iraq until Baghdad has met all UN requirements.

But Washington and the rest of the Security Council will have to "settle on an accounting about what has been accomplished and what remains to be done and push that to which is not an open-ended question to which anything can be added at will," he continued.

Political realism about a sustainable system in the Gulf, he said, requires the

Iraq Tension

Saddam Hard

U.S. Support



INTERNATIONAL

# As Iraq Tension Eases, Arabs Are Relieved but Israel Is Wary

By Lee Hockstader  
Washington Post Service

1 JERUSALEM — For the second time  
in a year, Arab nations expressed relief  
that threatened U.S. air strikes against  
Iraq had been averted, while Israel, the  
target of 39 Iraqi Scud missiles in the  
Gulf War of 1991, took a slightly more  
cautious view.

12 "Now we are not talking about mili-  
tary strikes," Foreign Minister Amir  
Moussa of Egypt said. "We are talking  
about an exchange of views and letters  
and commitments. I believe this is a  
very important opening, and the prob-  
lem, we hope, will be defused."

13 James H. Zogby, secretary-general of  
the six-nation Gulf Cooperation Coun-  
cil, expressed hope that the matter would

end in a diplomatic solution as the Iraqi  
people, he said, were Arab brothers.

But Prime Minister Benjamin Net-  
anyahu of Israel said in a statement  
"Israel has no illusions about the in-  
tentions of Saddam Hussein. The degree  
of his compliance with his commit-  
ments is always in doubt, and therefore  
Israel will continue to keep its eyes open  
and ensure it will be ready for every  
possible situation in the future."

On both sides of the Middle East  
divide, Arab and Jewish reactions to the  
apparent resolution of the showdown  
over Iraq were muted — suggesting,  
perhaps, that the next crisis may be only  
months away.

Word that Washington had aborted  
planned missile attacks against Iraqi tar-  
gets at the last minute ignited no street

celebrations or triumphal speeches in  
the Middle East. Rather, there was a  
sense that the U.S.-Iraqi cycle of ten-  
sion, challenge and resolution was be-  
coming routine.

"If the choice is between a military  
response and the return of the inspec-  
tors, then the return of the inspectors is a  
preferred outcome," said Gerald Stein-  
berg, a scholar at the Begin-Sadat Cen-  
ter for Strategic Studies at Israel's Bar-  
Ilan University. "Assuming now there  
will be a lot of pressure on Saddam to  
allow the inspectors to go forward, it  
narrows the ability of Iraq to maintain  
its facilities for chemical, biological and  
nuclear weapons. Some of those things  
will be rolled back a bit."

Shai Feldman, director of the Jaffe  
Center, a research organization in Tel

Aviv, said it appeared at first blush that  
the Iraqi president, Saddam Hussein,  
had again misread U.S. determination to  
keep him in check.

But, he said, there may be another  
interpretation. "It could be his whole  
purpose is not the end of inspections but  
the end of sanctions, and if that is the  
purpose, Saddam succeeded in drawing  
attention to the fact that Iraq has been  
under sanctions for seven years. Mr.  
Feldman said.

He added, "If the French and the  
Chinese and the Russians and others  
become increasingly vocal on this issue,  
maybe he won."

During the Gulf showdown in Feb-  
ruary, tens of thousands of Israelis  
thronged gas mask distribution centers  
and many others left the country, pro-

viding fodder for media images of a  
panicky population. Officials issued  
contradictory and confusing statements.  
This time, Israelis took the crisis to  
stride and their leaders' remarks on the  
potential dangers were intentionally  
subdued.

Some Israelis, still smarting from the  
memory of Iraq's attacks on the Tel  
Aviv area in 1991, are taken with the  
idea of seeing Mr. Saddam whacked  
with cruise missiles. Many others were  
quietly pleased that war was averted.

"We hope the return of the inspectors  
to normal work will enable meaningful  
inspections," Defense Minister Yitzhak  
Mordechai said in a statement, "that  
will prevent development and manu-  
facture of weapons of mass destruction  
and long-range missiles."

## BRIEFLY

### Congo Fighting Displaces 55,000

NAIROBI — Fighting in eastern  
Congo has driven at least 55,000  
people from their homes since hos-  
tilities erupted between rebel and  
government forces Aug. 2, the UN  
refugee agency said Monday.

The UN High Commissioner for  
Refugees said that more than  
14,000 Congolese from the Lake  
Tanganyika towns of Uvira, Baraka  
and Fizi had crossed the lake to  
Tanzania since the start of the con-  
flict, and that more than 100  
refugees were still crossing daily.

Another 6,500 Congolese crossed  
the border from south Kivu to Bu-  
rundi, and 500 crossed into  
Rwanda, the agency said.

Reports from aid workers indi-  
cated that over 45,000 more people  
had fled their homes but remained in  
the same regions, the UN said. It said  
between 20,000 and 25,000 people  
may have been displaced around the  
rebel stronghold of Goma at the  
northern end of Lake Kivu; another  
12,000 were displaced around  
Uvira, and 14,000 people had fled  
their homes south of Uvira. (AP)

## Sentence Is Set In 1977 Hijacking

FRANKFURT — Monika Haas,  
whom authorities long suspected of  
being a member of the Red Army  
Faction, was sentenced to five  
years in jail Monday for her in-  
volvement in a 1977 plane hijack-  
ing to Mogadishu, Somalia.

But the Frankfurt high state court  
ruled that Miss Haas, who has been  
in custody for two and a half years  
while on trial, did not have to return  
to jail and could serve the rest of the  
sentence on probation.

Miss Haas, 50, was charged with  
having delivered to the Spanish is-  
land of Majorca pistols, handgren-  
ades and explosives to four members  
of the Popular Front for the Lib-  
eration of Palestine who carried out  
the hijacking. (AP)

## For the Record

Colombia's fledgling peace  
process hit at an impasse as the  
government allegedly reneged on  
its pledge to withdraw all security  
forces from a vast area in the south-  
east to make way for talks with  
Marxist rebels. (Reuters)



A father taking his son for a bumper-car ride at a Kuwait City amusement park. On Monday, Kuwait lowered its state of alert as fears of retaliatory strikes on the emirate eased with the U.S. decision not to bomb Iraq.

"I think a weakened, fragmented,  
chaotic Iraq, which could happen if this  
isn't done carefully, is more dangerous  
in the long run than a contained Saddam  
is now," he said. "I don't think these  
things have been thought out."

On Sunday, Iraq's deputy foreign  
minister, Tariq Aziz, condemned Mr.  
Clinton's statement of support for anti-  
Saddam groups in Iraq, calling it "a

flagrant violation of the Security Coun-  
cil resolutions as well as international  
law."

But Mr. Clinton said he would carry  
out the Iraq Liberation Act as best he  
could.

"Over the past year we have  
deepened our engagement with the  
forces of change in Iraq, reconciling the  
two largest Kurdish opposition groups,

beginning broadcasts of a Radio Free  
Iraq," he said. "We will intensify that  
effort."

And then, correcting himself in mid-  
sentence and tacitly acknowledging  
how difficult the job would be, the pres-  
ident said Washington would work "to  
make sure the opposition — or to do  
what we can to make the opposition a  
more effective voice."

## Saddam Hard to Topple

### Despite U.S. Support, No Foe Gets Far

By Tim Weiner  
New York Times Service

WASHINGTON — President Bill  
Clinton has all but called for a coup  
against Saddam Hussein, vowing to  
work with Iraqi opposition groups until  
"a new government" took power in  
Iraq.

President George Bush did much the  
same at the end of the Gulf War in 1991,  
calling on the Iraqi people to rise up and  
overthrow Saddam Hussein the dictator to  
"step aside."

Thousands of Iraqis died trying to  
obey that call. And in the seven years  
since the Gulf War, thousands more  
have faced prison and death.

The Central Intelligence Agency has  
come up with at least six plans to un-  
dermine the Iraqi leader.

Coups against dictators are "harder  
to do than to talk about," in the words of  
General John Shalikashvili, the former  
chairman of the U.S. Joint Chiefs of  
Staff. In the case of Iraq, it may be much  
harder.

Senators and representatives have  
been talking openly all year about what  
they perceive as the need to topple Mr.  
Saddam. The CIA's overseas in-  
surgents have debated how best to carry out  
a coup. Two weeks ago, the president  
signed an unusual \$97 million bill that  
proposes to unify the deeply divided  
Iraqi opposition.

The CIA has spent nearly that much  
money since the Gulf War backing four  
groups trying to subvert Mr. Saddam:  
Kurdish dissidents in northern Iraq,  
Iraqi military defectors in Jordan, Shiite  
Muslim groups in southern Iraq and a

coalition of exiles based in London.

None proved effective. They were  
plagued by internal divisions and, in  
some cases, infiltration by Iraqi intel-  
ligence agents.

Their weakness was exposed in  
September 1996 when Mr. Saddam  
crushed a cell of dissidents run by the  
CIA in Iraq. The operation was de-  
stroyed because a Kurdish opposition  
leader, Massoud Barzani, betrayed it as  
part of a power struggle with a rival.

This September, the State Department  
brokered a settlement between the two  
factions, both of which had been backed  
by the CIA.

This year, at the request of the White  
House, the agency has twice drafted  
plans for covert action against the Iraqi  
government, only to see them blocked  
by skeptics in the administration and  
Congress.

The more ambitious of these plans,  
drafted in February, would have moun-  
ted a major campaign of sabotage in  
Iraq, enlisting Kurdish and Shiite agents  
to blow up government broadcast sta-  
tions and utility plants. The plan was  
leaked to The New York Times by a  
senior government official who op-  
posed it, effectively removing the ele-  
ment of surprise. The plot was not fi-  
nally approved by Mr. Clinton.

Also this fall, Congress passed the  
\$97 million Iraq Liberation Act, which  
Mr. Clinton signed on Oct. 31. It au-  
thorizes the president, but does not re-  
quire him, to give guns, money and  
political support to the fragmented Iraqi  
opposition.

General Anthony Zinni, the U.S.  
commander in the Gulf, opposed the act.

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## EDITORIALS/OPINION

## Herald Tribune

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## Last Chance for Iraq

The latest confrontation with Iraq has ended with another promise from Saddam Hussein to allow unfettered access to United Nations weapons inspectors. The apparent peaceful resolution is welcome, and can be credited to President Bill Clinton's renewed willingness to back diplomacy with the threat of force. But this must be the last time that Iraq tries to manipulate the UN Security Council.

Too many times before, Iraq has tried to slip free of its commitments to cooperate in the elimination of its stocks of biological and chemical weapons and the missiles that can deliver them. Its interference with the inspectors has repeatedly forced the United States to build up military forces in the Gulf region at great expense. Faced with a credible threat of force, Iraq has backed down, only to resume its defiance at a later date.

Despite its latest promise, Iraq is still far from fulfilling its responsibilities. Thousands of chemical weapons and tons of deadly germ warfare agents remain unaccounted for.

The only way to bring the inspections process to a timely conclusion and prepare for an eventual end of the international economic sanctions is to give the inspectors the access they require to laboratories, factories, desert hiding places and computer records.

The process will go considerably faster if Iraq not only refrains from interfering but freely provides information about what has been done with

the deadly ingredients it purchased before the Gulf War. That kind of full cooperation and compliance must now become the principal goal of the Security Council with regard to Iraq. Saddam Hussein must be made to understand that no further toying with the inspectors process will be tolerated.

If Baghdad again attempts to restrict inspections, Washington, with support from Britain and other allies, need not wait for weeks or even days to respond. The Clinton administration, which reacted too passively last August when Iraq first began barring surprise inspections, did an effective job of coordinating diplomatic and military force this time around. If there is a next time, Washington has rightly made it clear that the American reaction will be prompt and certain, with no further warnings necessary.

If Iraq is truly prepared to cooperate, the day may come when the chief UN inspector, Richard Butler, can report that all prohibited weapons have been located and destroyed and a reliable long-term monitoring system, including continued surprise inspections, is in place. At such a time, the United States must be prepared for an easing of sanctions, as spelled out under the relevant Security Council resolutions. But for as long as Saddam remains in power, an airtight and intrusive verification system to monitor his weapons activities will have to be maintained, under threat of force if necessary.

—THE NEW YORK TIMES.

## Support for Brazil

The \$41.5 billion international package to support Brazil announced on Friday has several things going for it. It is larger than had been expected, which makes it less likely that speculators will bet against Brazil and therefore makes it less likely that the money in the package will actually have to be used. It includes commitments not only from the International Monetary Fund and the World Bank but also from the United States and other major countries. Finally, it is based on promises by the Brazilian government that long-needed fiscal reforms will be put in place.

Nonetheless, the package is risky. Brazil's currency, the real, remains overvalued, and nothing is being done directly to address that problem. The hope is that the country's existing program of gradual devaluation will eventually cure the problem. But in the meantime that overvaluation could dis-

courage international investment in the country. Only with such investment will it be possible for Brazil to lower the very high interest rates it has imposed to protect the real. Those high rates are very damaging to the economy.

A lot remains to be done on fiscal problems by both the country's Congress and its state governments, and it is far from certain that the needed reforms will be approved. If they are not, the IMF and the other lenders will face difficult decisions regarding continued lending.

Fortunately, world financial markets are far less nervous than they were even a month ago. As the largest economy in Latin America, Brazil's fate is of great importance to the region, and the economic health of the region could make the difference in determining whether the Asian recession spreads to the United States.

—THE NEW YORK TIMES.

## The Duty of the House

When the House of Representatives voted in October to conduct an impeachment inquiry, it took on a responsibility that extends beyond the question of whether President Bill Clinton should be allowed to complete his term. However the House members decide to vote on the impeachment issue, the Judiciary Committee and the House as a whole have a separate obligation to judge and, as part of the permanent record in this case, to characterize Mr. Clinton's conduct. The issue is not just his removal — and not just Mr. Clinton.

If the vote is to let him serve out his term, as seems likely, then what does the House mean the country to infer about the acceptable standard of behavior for public officials in the future? Do the flinching Republicans and the president's Democratic supporters mean to suggest that conduct such as his is all right? If that is not the statement, what is? They need to leave no doubt as to what they think — and they need to find the facts in order to do so credibly. That was their duty before the election. It continues to be so now.

Some would walk away from it, on grounds that the exit polls, if not the election returns, made clear that the public is past tired of the matter and wants it dropped. They mock their own voting records if they do so.

Both parties voted overwhelmingly in favor of an inquiry in September; only five members voting against. Members knew at the time, from polling data, that the public opposed impeachment. Nothing has changed since then but their sense of the risk inherent in pursuing their supposed convictions. Is that really how they wish to be perceived — as 435 political wind socks?

We have written before that many of

the facts in this case are well established. The committee need not bother to reconfirm those. The president could ease the burden further by stipulating to some of the questions the committee recently put to him. There will still be some aspects of the case on which we think the committee should take testimony. These involve not whether the president lied under oath and repeatedly thereafter — the circumstances as to that are unfortunately pretty clear — but the extent to which he may have sought to manipulate the testimony and evidence of others — his secretary Betty Currie, for example. To vote having heard only from Kenneth Starr, as the committee leadership has proposed, would be to trivialize the proceedings — to abandon the committee's fact-finding obligation almost entirely.

As to the judgment, the president did not just lie. He abused the machinery of government for more than half a year to sustain the lie. He has acknowledged only the personal aspects of the wrongdoing. He does not entertain the notion that a lie under oath by the nation's chief law enforcement officer in a legal proceeding raises a question as to fitness for office. The proceeding was trivial, in his defense; the liar gets to choose. Having trashed a standard of behavior, he asks that the national standard of judgment be lowered to match. That will be the precedent set — the legacy, you might say — if the House walks away from this case not having somehow condemned as unacceptable the behavior already spread before it.

The president, oddly enough, would strengthen the case for his retention in office were he to acknowledge the seriousness of his offense. He refuses to do it. The House has to find a way.

—THE WASHINGTON POST.

## It Takes Partnership to Beat the Peace-Breakers

By Daoud Kuttab

JERUSALEM — A dangerous dynamic keeps reoccurring in the pursuit of Middle East peace. Militant opponents seem to use the utmost violence in the period between the beginning of the making of genuine peace and its implementation.

For more than a year during the Netanyahu administration's effective freeze on the peace process, Islamic militants were quiet. But as soon as the Wye Plantation memorandum was signed, radical Islamic Palestinians carried out two major suicide attacks in the space of 10 days.

This trend is not new. In the 1970s, radical Palestinian groups assassinated senior PLO officials in Europe who were beginning to strike up a peace dialogue with left-wing Israelis. In the '80s, Anwar Sadat was killed before the signing of the Camp David accords had been completed. And in the '90s, Yitzhak Rabin was assassinated by a Jewish fanatic before seeing the Oslo accords carried out. To a certain degree, radicals have succeeded in slowing or cooling moves to lasting peace in the region.

A key to the success of any peace

process is the absolute commitment of its parties to move ahead no matter what. As soon as fanatics see one twitch of hesitation by either party, they exploit it. When a suicide bombing took place during Mr. Rabin's administration, his response was clear: "We will mourn the dead for one week, and then, on day eight, we will be back at the negotiating table," he told his public.

The recent decision by Benjamin Netanyahu to become a partner with Yasser Arafat in the peace process was an important milestone. But that decision will be worthless if Islamic and Jewish radicals sense the slightest potential for a retraction or a slowdown. Israeli and Palestinian leaders must recognize the simple reality that they sink with both, or both will reach the shores of peace and freedom together.

Such an understanding will require a different approach to issues of security. Mr. Netanyahu and his aides cannot continue to publicly chastise the Palestinian National Authority every time

a bomb blows up. Before the latest incident, Israeli officials had publicly praised the Authority for its crackdown on the militants one day before. The next day they publicly attacked the Palestinians for not doing enough.

Indiscriminate attacks against civilians make Mr. Netanyahu's job difficult. The same happens to Mr. Arafat when fanatical Jewish settlers kill Palestinians or rampage through the Hebron market. It is hard to defend a peace process when your people are being blown up.

The quest for peace requires the same courage and decisiveness as war. But where war pits people and their leadership against each other, the quest for peace requires a different set of partners. The majority of both the peoples and their leaders must be united against extremists and radical elements.

When a suicide bombing took place in the early days of the Oslo accords, Palestinians demonstrated for the first time against fellow Palestinians. Thousands in Nablus and Gaza marched under the banner "Yes to Peace, No to Violence." Such Palestinian acts have disappeared, as the public has not seen

any reason to identify with the present Israeli government.

The commitments made at Wye were important, but they must be reflected in a radically new approach. From the moment the leaders make peace between themselves, they should make clear to all that they are not turning back. When indiscriminate acts of violence take place against Palestinians or Israelis, the response must be unified, balanced and proportionate.

Mr. Arafat and Mr. Netanyahu need to stand side by side after any anti-peace incident and repeat to the public their commitment to peace and security for both peoples.

Such an act will not necessarily mean an immediate end to violence. But if Israeli and Palestinian leaders can withstand short-term public criticism and stay on course, there is no doubt that in the medium and long range, peace can be at hand.

The writer, a Palestinian journalist, is director of the Institute of Modern Media at Al Quds University in Jerusalem. He contributed this comment to The Washington Post.

## Stop Demonizing Globalization, and Learn to Manage It

By Bimal Ghosh

GENEVA — Two-fifths of the world economy is in turmoil and the rest is struggling not to succumb to the contagion. Should growth in output decline to a mere 1.5 percent this year and 1.3 percent in 1999, as some recent forecasts indicate, it would be one of the worst slumps since the 1930s. If we believe more pessimistic scenarios, world output might actually decline next year for the first time in half a century.

Some have been quick to blame economic globalization as the root cause of the turmoil. Countries like Malaysia and Russia are rebuilding economic walls and restrictions, setting a trend that other developing economies may quickly follow. As developing nations start

slamming their doors, the pressure for protectionism is likely to increase in industrial countries.

The United States, which sends more than two-fifths of its exports to developing countries, will see its trade deficit increase, coinciding with a slowdown in the economy. The protectionist and anti-globalization lobby, already powerful, will then gain additional ground in Congress.

Rising protectionism will further dent the capacity of developing and transition economies to sell their products abroad, and thus create a vicious circle deepening the world crisis.

But a reversal of onward-

looking policies would mean repeating the same that the world made in the early 1930s. A revival of protectionism and isolationist policies, reinforced by an upsurge of narrow nationalism, would certainly undermine the prosperity and economic progress tenuously built in the past four decades, and would do little to remedy the weaknesses of existing policies.

Globalization does not simply imply rising flows of goods, services and capital. It goes far beyond interpenetration of markets and embraces increased interchange of ideas and knowledge, and thus enrichment of people. But globalization also exacts a price.

As the world economy becomes more integrated, and nations are increasingly interdependent, the malfunctioning of even a small part like Russia, which accounts for a mere 2 percent of world output, can have global repercussions. Since the essence of globalization is interdependence, it cannot function effectively except as a system based on continuing and active cooperation between and within nations, and sustained by a set of fair and harmonized rules and disciplines.

When, in the absence of such norms, markets and economies are dominated by a few states or manipulated by a small number of domestic oligopolies, weaker nations and disadvantaged social groups become marginal-

ized. Tensions in interstate relations and, at the domestic level, social and interethnic conflicts, as recently witnessed in Indonesia, often follow.

If these lead to a powerful backlash, the foundations of globalization will be badly damaged. It is not difficult to discern what triggered the present crisis in East Asia. As countries free their economies of restrictions on imports and capital, torrential flows of capital investment, including footloose funds, moved into emerging markets. There was no real code of conduct, nor was there any suitable national or international mechanism to monitor the situation or ring the alarm bell in time.

The finance ministers of the world's most powerful industrial nations recently trumpeted the need for a global response, and are talking about a new architecture for the world financial system. However, the measures they have so far suggested — such as coordinated interest rate cuts, enhanced IMF capacity to provide contingency loans to well-behaved emerging economies, and better supervision of creditor financial institutions — are at best useful by way of firefighting. They fall far short of a durable response to the basic challenge we face.

World leaders need to recognize that the pace of globalization has been running ahead of the development of principles, norms and institutional mechanisms needed for its wise and effective management. The challenge before the world is to narrow this gap.

The leaders need a systemic vision of the basic forces that drive the globalization process. They will have to look beyond the cozy club of the Group of Seven and the existing mandates of international financial institutions, and envision a system of more efficient, cooperative management of the world economy, including movements of capital and people.

The set of harmonized rules and principles needed for this purpose must include built-in safety nets for weaker nations and disadvantaged domestic groups, and respond to the changing realities of a globalizing but durably diversified world.

Globalization holds great potential to enhance human welfare. Badly managed, it can create havoc and distress. Our current problems are not with globalization but with the way it is being managed.

The writer, a former director in the United Nations development system, is a consultant on trade, investment and economic relations. He contributed this comment to The International Herald Tribune.

## Now a 'Rescue' Package That Threatens to Sink Brazil

By Mark Weisbrod

WASHINGTON — After disasters in Asia and then Russia, the International Monetary Fund and its allies in the Clinton administration have concluded that their only mistake was that they did not intervene early enough. So they have put together a \$42 billion "rescue" package for Brazil.

There is little reason to believe that the IMF's bitter medicine will help Brazil any more than it helped Indonesia or Russia. In fact, economists already are predicting a recession there for next year on the assumption that Brazil takes the IMF money and the advice which goes with it.

That advice mandates big cuts in government spending, tax increases and enormously high interest rates, a deadly mix nearly guaranteed to send any economy into a tailspin. It is hard to see how the prospect of recession, not to mention the potentially explosive political conflict that such policies will provoke, will accomplish the goal of calming nervous financial markets.

Brazil has the most unequal distribution of income in the world, with the upper 10 percent taking about half the nation's income, while 43 percent of the people survive on less than \$2 a day.

The IMF-engineered economic contraction therefore will have terrible consequences even if it "succeeds" on its own terms. People who already are malnourished will get less food, and some will die. Spending on health care and education will be cut, and millions will lose their homes and livelihoods. So

the question is: Are these drastic measures necessary?

Start with the federal budget deficit. It is running at 7 percent of GDP. The U.S. government ran a budget deficit of 6.1 percent of GDP in 1983, with no harm done. One might argue that either of these deficits is too high over the long run, but there is no urgency about cutting them.

It is sometimes feared that budget deficits in this range will speed up inflation, but that is clearly not the case in Brazil, where inflation is at 3 percent.

What about the exorbitant interest rates, now running at 42 percent, which cripple economic activity even more than the budget cuts? The IMF argues that they are necessary to prevent the Brazilian currency from collapsing. This is because leaders, due to the risk of currency devaluation, are unwilling to keep their money in the country at lower rates.

But other solutions are possible.

Some economists argue

that the country would be better

off with a flexible exchange rate,

and they probably are correct.

Defenders of the status quo counter that the real is highly overvalued, and so if it were allowed to float immediately it would first sink like a stone. This would increase inflation by raising the price of imported goods. But Brazil's imports are only about 7 percent of its economy.

Other measures could help Brazil avoid recession. The government could place controls on the buying and selling of its currency to prevent a currency collapse without having sky-high interest rates. But the IMF does not allow these or almost any other kind of "capital controls."

Since the Asian economic crisis, which clearly was brought on by the liberalization of international capital flows, some leading economists have changed their views and are willing to consider various forms of capital controls. But the IMF and its allies in the Clinton administration remain committed to maximizing the freedom of international investors while protecting them from the risks of bad loans and

currency depreciations. Hence their insistence that Brazil maintain its fixed exchange rate, without capital controls, no matter what the cost to Brazilians — or to U.S. taxpayers financing the bailout.

The Brazilian financial crisis, like the Asian "contagion" that set it off, is a product of these misplaced priorities that are decided in Washington. And that raises the most important question: Shouldn't Brazilians have the right to choose their own economic policy?

Washington clearly says "no." It announced just before the Brazilian presidential election last month that the funds to prevent a currency collapse would be made available only if President Fernando Henrique Cardoso were re-elected. So much for democracy.

The battle is far from over, and the Brazilians will make their voices heard in their Congress, in their state legislatures and, most likely, in the streets.

The writer, a research associate of the Economic Policy Institute, contributed this comment to The Washington Post.

## Three Asia-Pacific Challenges

By Timothy Ong

KUALA LUMPUR — The Asia-Pacific Economic forum is very frustrating but absolutely necessary. It is frustrating because, with 21 members, three of them admitted on Saturday, it is increasingly cumbersome and rarely decisive. But it is necessary because it is the only viable framework for economic cooperation in the Asia-Pacific region.

Nowhere is economic, political and cultural diversity greater than in this region. Nowhere is there a greater need for a framework that permits such different societies to work together toward common economic goals.

This background, sometimes forgotten, is important as APEC leaders prepare to hold their annual summit here on Tuesday and Wednesday at a time when many in the business community and elsewhere are questioning the relevance of the organization.

The financial crisis in the region seriously challenges APEC's agenda of trade and investment liberalization, and its program of economic and technical cooperation.

By demonstrating the power of the global economy to render swift, harsh and, for some countries, arbitrary judgments on national economic performance, the crisis increases ambivalence toward globalization and political resistance toward further liberalization.

By showing that premature openness to movements of large amounts of money in countries lacking the institutional capacity to manage it can be a recipe

for economic disaster, the crisis challenges APEC to take financial management as seriously as it takes its liberalization agenda. Financial stability is essential for trade and investment.

How should APEC leaders respond? First, they should maintain the organization's commitment to liberalizing trade and investment, and to making it easier for businessmen to operate. Afflicted Asia needs more, not less, foreign trade, investment and confidence.

Second, APEC should be circumspect on the issue of free capital mobility. Free trade and free movement of capital are not the same thing. The benefits of free trade have been powerfully demonstrated by the region's phenomenal economic progress in the last 30 years. The dangers of unfettered capital flows across national borders in the absence of adequate regulatory structures have become tragically obvious in the current crisis.

Third, APEC should launch a financial initiative to help affected member economies to reform and strengthen their financial systems. It should also launch a regional program to restore much needed liquidity to members in need. The APEC Business Advisory Council has proposed such a program.

The crisis presents APEC with a unique opportunity to show its relevance. The group includes all the most badly affected economies; it also in-

cludes the major potential creditor economies in the region, among them the United States and Japan.

APEC is in a strong position to respond to the crisis. It must not let the opportunity slip. To have the means to act, yet not do so, is to risk being marginalized.

The writer, a Brunei businessman and a member of the APEC Business Advisory Council, contributed this comment to The International Herald Tribune.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

## 1898: German Feud

PARIS — The conflict between the Emperor and the Regent of Lippe occupies a large place in the German press. The "Angsbürger Abendzeitung" says: "It is a patriotic duty to declare that there must be but few persons in the German Empire who are on the side of the Emperor in this matter. It is difficult to understand how the Emperor William should expect a sovereign of the German Confederation to tolerate an infringement of his sovereign rights by the Emperor."

## 1923: Fascist Tactics

BERLIN — The Nationalist faction, which is trying to wrest the Government of Germany from the hands of President Ebert and Chancellor Stresemann, made its first diplomatic move, when Prince Bülow went to Rome to see Signor Mussolini, following a secret interview with General

von Seeckt, the supreme military dictator and presumptive overlord of the proposed Fascist Directorate. Signor Bülow will seek to win Signor Mussolini's benevolent neutrality in the event of Chancellor Stresemann openly defying France.

## 1949: Apartheid Rule

PRETORIA, South Africa — Dr. D. F. Malan, Prime Minister of the Union of South Africa, told the Nationalist party congress that all South Africans must have to register by nationality. This, he said, must be necessary in order to implement the government's policy of apartheid. G. Strydom, leader of the Transvaal Nationalists, said that representation of the Bantu people in the House of Assembly would be abolished and that the powers of Senators representing the Bantus would be curtailed to prevent their interfering with European legislation.

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## OPINION/LETTERS

## The Risk for Nicaragua: Destruction by Despair

By Arturo J. Cruz Jr.

LEON, Nicaragua.—At the beginning of the 17th century, the inhabitants of León, then the capital of Nicaragua, abandoned their city in a silent exodus. For almost 100 years they had struggled to keep their city on the spot originally chosen for its serene beauty: near the shores of Lake Managua, facing the magnificent volcano Momotombo. But with this beauty came disaster.

Earthquakes and volcanic sulfur periodically destroyed the harvests, livestock died of strange diseases and too many babies were born dead. So the people of León finally surrendered, believing that they were being punished by God for the sins of their ancestors, conquerors from Spain whose treatment of the native population was barbarous.

Since then, doom has remained an indelible component of the Nicaraguan worldview. To this day, many wonder if they have a pending "bill" with God. Certainly, we have been punished mightily over the years, not least with a long legacy of dictatorship, failed revolutionary experiments and bitter civil war.

The legacy of natural disasters has been even more painful.

Earthquakes have devastated cities. Tidal waves have carried off coastal towns. Volcanic eruptions have heaved up ashes that reach as far as South America.

And most recently, the hurricane designated Mitch has poured rains down incessantly on Honduras and Nicaragua. In desperation, people climbed trees to escape the floods, while others dropped from exhaustion and hunger.

Many thousands were buried alive by mud slides, and many more were left homeless. And, as in the old days, grotesque afflictions became commonplace.

More hardships await us. Harvests have been wiped out, severely reducing the supply of food staples and export products. Roads and bridges have been damaged beyond repair in some places. Nicaragua desperately needs immediate assistance.

But the country must also look beyond this latest disaster. More than half the labor force is unemployed or underemployed. And the population is growing at the alarming rate of 3.1 percent a year, the highest in Central America.

Before Hurricane Mitch swept in, local economists prepared a 10-year forecast for Nicaragua based on highly optimistic assumptions. Our optimists assumed an annual growth of 10 percent and inflation rates below 10 percent. They also assumed that population growth would slow to 2 percent a year. Even under these comparatively benign conditions, the experts projected that by 2008 unemployment and underemployment would still hover around 19 percent and per capita income would be merely a third of what Costa Rica's was in 1997.

The pressing problem is a suffocating foreign debt that is six times the size of total exports and nine times the income that the government generates through taxes. Immediate debt relief is the only hope. But this is an initiative that only the multilateral organizations can champion — organizations like the International Monetary Fund. Perhaps Michel Camdessus, the IMF's managing director, who is due to arrive in Central America this week, will agree.

The danger is not just to Nicaragua but to the entire region, as more and more Nicaraguans conclude that the only practical option is to emigrate. According to conservative estimates, more than half a million Nicaraguans have fled to Costa Rica in the last decade and a half in search of jobs and a better future. After Mitch, the number is sure to rise. But Costa Rica can absorb only so many migrants. The other countries in the region, El Salvador and Guatemala, are even less able to take in refugees.

We know that foreign generosity can take us only so far. Nicaragua's leaders must convince the people that the curse of the past is only a dusty myth and that the despondency felt by the residents of León almost 400 years ago need not determine our future today. Surely the United States, which was so determined to bring free elections to my country in the 1980s, wants to help us preserve our incipient democracy from destruction by despair.

The writer teaches at the Central American Institute of Business Administration in Managua. He contributed this comment to *The New York Times*.



## LETTERS TO THE EDITOR

## Wait a Minute

Wait a minute. Pundits, columnists and contributors to your letters column speak of the devastating defeat that the Republicans suffered in the congressional elections. All 435 seats were up for grabs — which party, pray tell, won a majority of them?

JOHN N. CURTIS JR.  
Lenk, Switzerland.

Among the lessons learned by the Republicans from the results of the midterm elections should be that mainstream Americans want the U.S. government to play a responsible part in conducting national and international matters and that its representatives should not dictate an individual's morals and personal behavior.

I trust that many Republicans will reconsider their ill-conceived linking of the paying of America's legal obligations to the United Nations and its related agencies with an individual's decision about abortion.

My hope is that the reconstituted Congress, under new and enlightened management, will pay the U.S. dues to the world body and allow the provision of adequate health information and services to women in desperate need, both at home and abroad.

J. M. KILMER  
Bonneville, France.

## German Memories

As a German born long after the war, I feel deep shame at the way many of the younger generation appear to try to put oppressing memories of the past behind them.

I have a feeling that this is a tendency that started with German reunification, but was held in check in part by the then chancellor's own memory of the war.

I still hope that the planned Holocaust memorial in Berlin will be built. Even more so I hope that the leaders of Germany, beginning with Gerhard Schröder, will never forget what was done on German soil, with the willing participation or at least the silent acknowledgment of the majority of the German people, not after all, that long ago.

ROBERT MILLEKER  
London.

## Poor Yasser Arafat

Poor Yasser Arafat. His time-proven technique of diplomacy is just not working.

President Arafat has signed four peace agreements with Israel. Each time he promised that he would eliminate from his constitution (called the covenant) those sentences that called for the destruction of the state of Israel and elimination of all Jews living there. He has also promised not to incite vi-

olence or teach hatred, to limit his military in terms of weapons and numbers, and to generally seek peace. He has not kept any of those signed promises.

YALE J. BERRY  
Brookline, Massachusetts.

## Chinese Herbs

Regarding the report "Alternative Medicine Wins Over Public" (Nov. 12):

The current issue of the *Journal of the American Medical Association* says that "turning a Chinese herb next to the toe of a pregnant woman can often make her breech baby turn head-down." This is either 1) a misprint, 2) evidence that JAMA has gone politically correct and is therefore worthless, 3) a poorly conducted study, or 4) evidence of profoundly new physiology, i.e., next year's Nobel Prize winner. I'm betting heavily on No. 3.

WILLIAM J. LARSON  
Nynn, Switzerland.

Is it surprising that we seek alternative therapies for what ails us? Nowadays many of us no longer have family doctors. An herb burning at one's toes seems somehow comforting and may provide the warmth and tactile sensation we humans occasionally crave.

ELIZABETH URECH  
Zurich.

## On the Cultural Ramparts: Céline Dion for Canada!

By Sheila Copps

OTTAWA — In a world where information is power, the children of each community and each society must have the chance both to hear the stories of their ancestors and to make their own mark on the future of modern culture.

With this in mind, I convened a meeting of ministers of culture

## MEANWHILE

from 20 countries this past summer to launch an informal network of culture ministers to deal with issues from culture and violence to the building of a network of cultural Web sites. Most importantly, we agreed that world institutions must see culture as more than merely entertainment or merely an afterthought of decision-making.

Cultural diversity is as important to human beings as biodiversity is for all species living on our planet. And cultural development is as important for human well-being as economic and social development.

The challenge is to ensure that mass media spawn diversity and that mass communications engender distinctive forms of expression.

We are living in a world where the scope and pace of change, while enabling us to pass beyond the boundaries of time and distance, nevertheless represent a threat to the customs, traditions and history on which all societies are based.

In Canada, for example, issues of cultural identity are very, very real, and have been real for perhaps 40 years. We are a country that is officially bilingual and multicultural. We are a people spread over six time zones. We are Atlantic and Pacific and Arctic and North American in our geography and in our outlook.

Canada is also the country most open to foreign cultures. Sixty percent of our English-language television programs come from outside the country. Seventy percent of music broadcast by Canadian radio stations consists of foreign content. Sixty percent of all books sold in Canada are of Canadian origin. More than 95 percent of the movies shown in our theaters are foreign.

We are open to the best the world has to offer.

We do not believe in a solution that says governments can always do everything better. But we also understand that there is a role for government to play in nurturing.

Consequently, we have introduced rules requiring that 30 percent of what is played on English-speaking radio in Canada must be Canadian and 65 percent of the selection on our French radio must be in the French language.

There was initially an uproar over these kinds of policies, but last year four Canadian women sold 250 million records worldwide: Céline Dion, Alanis Morissette, Shania Twain and Sarah McLachlan.

No Canadian government could or would claim credit for Céline Dion's success. That credit comes from creativity and hard work. What the government did do was create the conditions that allowed those talents to flourish and to occupy some space on the domestic and world stage.

In the area of magazines, 30 years ago we had no domestic industry to speak of; two Canadian magazines in the English language. Today there are more than 1,500 Canadian magazines, and three-quarters of all magazines sold in Canada are Canadian.

Let us take a look at television. The simple fact is that it is much cheaper to import an episode of "Melrose Place" than to produce original Canadian programming.

To deal with this problem, we put in place rules to provide some shelf space for Canadian-content programming.

Market forces, left to their own devices, would have made the Canadian broadcasting system nothing more than a U.S. subsidiary. The marketplace alone cannot guarantee Canadian content.

As I told the cultural ministers from around the globe who met in Ottawa, we would do well to remember these words of Mahatma Gandhi: "I do not want my house to be walled in on all sides, and my windows to be stuffed. I want the cultures of all the lands to be blown about my house as freely as possible. But I refuse to be blown off my feet by any."

The writer is the Canadian minister of cultural heritage. This comment was distributed by the *Los Angeles Times Syndicate*.

## BOOKS

## SOMETHING TO DECLARE

By Julia Alvarez. 300 pages. \$20.95. *Algonquin*.

Reviewed by Zia Jaffrey

The 24 autobiographical essays in Julia Alvarez's "Something to Declare" can roughly be grouped into two categories: those under the label "Customs" that are about growing up in the Dominican Republic and the United States as a "hyphenated" American; and, under "Declarations," those about being a writer. They are, in short, the equivalent of 24 photographs of the author.

The book is irritating for a number of reasons. First, most of these essays have been previously published in journals, magazines and anthologies, as a collection, they are highly repetitious, a function of not having been properly edited as a whole. If on page 16 we learn that the Alvarez family left the Dominican Republic because of General Rafael Trujillo's dictatorship, that Julia's father was a doctor, that her grandfather was a cultural attaché to the United Nations and took her to the opera, and that she went to boarding school in the States, we are unfortunately bound to hear the same

things over and over again in subsequent essays — as many as six times. These repetitions almost made me put the book down.

The second problem is the lens of nostalgia Alvarez casts on the Dominican Republic, which she left when she was 10. Members of her extended family — the aunts and the uncles and cousins — appear as an undifferentiated force of goodwill. The country and its people become a "lost Eden" that Alvarez somehow can't translate into real characters, conflicts and events. Even the fact that many Dominicans and Haitians "disappeared" during Trujillo's repressive 31-year regime appears as a newsy footnote in an otherwise happy childhood.

Third, the writer is so conscious of her Dominican-American identity that her perceptions lose their innocence, so caught up are they in clichés of multicultural self-definition. "There was rarely a Hispanic contestant in the Miss America beauty pageant," she notes in "I Want to Be Miss America"; she was taunted with ethnic slurs in school, she says once too often. But we are never allowed to dwell in that school with her, and these epithets never amount to more than naming the problem. Finally, the

personality that emerges is both self-involved and self-congratulatory.

Alvarez is more interesting when she is not the subject of her essays. In "El Doctor" she paints a portrait of her father, a man she remembers "mostly at night" because he went to bed almost as soon as he got home from work in the early evening. He spoke so obliquely that his children had to interpret him, and he had to almost trick them into watching television with him, so unaccustomed was he to expressing emotions. Interesting, too, is her observation, in "I Want to Be Miss America," that her father sang Spanish songs to women on the streets if he found them attractive. Still, "El Doctor" fails to fully come to life apart from Alvarez. Her sisters remain vague throughout, and we learn little about her mother, who weaves in and out of these essays and who is constantly fighting with Alvarez, though the source of that conflict is never explored.

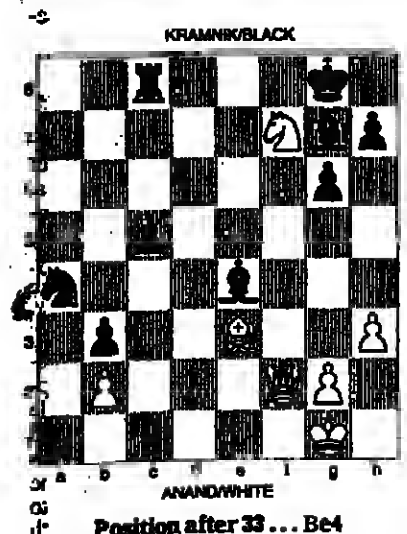
In the end, "Something to Declare" has very little to declare that isn't already in her fiction and poetry.

Zia Jaffrey, author of "The Invisibles: A Tale of the Eunuchs of India," wrote this for *The Washington Post*.

## CHESS

By Robert Byrne

THE top players of every epoch, particularly the world champions, have almost certainly been as gifted in speed play as in standard time-limit games. The records are fragmentary, mostly anecdotal, and there were no formal championships, indeed hardly any transcripts of the moves. Still, contemporaries agree that Emanuel Lasker was the best. More Capablanca came along at the beginning of the 1920's and that Reuben Fine was dominant in the 40's, Tigran Petrosian in the 50's and 60's, Bobby Fischer in the early 70's (he won the World five-minute championship in 1970), Anatoly Karpov in the 70's after Fischer left the field, and Gary Kasparov from the late 80's on.



Position after 33...Bc4

Currently, Viswanathan Anand is Kasparov's strongest challenger. Here is his game against a major rival, Vladimir Kramnik, in the 25-minute-a-game Vilmarbodo Tourney in Spain. Anand won the event, scoring 8-1 over a field of 175, including 21 grandmasters.

The Move 3 Bb5 introduces the Rosolimo Variation of the Sicilian Defense, generating a quiet positional battle. A main theme of this style of play is giving Black doubled c pawns with 5 Bc6 d. There is also the alternative recapture. 5...bc, which can lead to a promising counterattack after 6 c3 Nf6 7 Re1 O-O 8 d4 d5? 9 ed cd 10 de Ne4 11 Be3 Rb8 12 Re2 Ba6 13 Rc2 Qc7. Thus, 14 Qd5? Rd8 15 Qe4 Rd1 forces mate.

The point of Anand's 10 a3 was to proceed with 11 b4, virtually forcing 11...ch when 12 ab yields White a semi-open file on which to put pressure on the black queenside. Kramnik delayed this by 10...a5.

Kramnik might have played 12...b6 against Anand's provocative 12 Ne4, when 13 f4 b5 14 Ne5 Ne5 15 fe Be5 16 Qe2 at least gives Black a freer game than results from 12...b5.

After the activity on the c file quieted down with 20 Qc2, Kramnik had dissolved his doubled pawns, but he had suffered a backward c6 pawn.

In place of 24...Nb6, Kramnik might have played 24...f6 25 Rd1 Be7 26 Nb3 Qc5 (26...Bc4 27 Qc4 Ra4? 28 Qb5 Ra7 29 Ne5 Bc5 30 Bc5 Rc7 31 Bb4 wins for White), but 27 Rd7! Rd7 28 Rd7 Qd7 29 Nb6 Qb7 30 Na8 c4 31 Nb6 cb 32 Qb3 Kf8 33 Qe6 wins a pawn with a powerful position.

His idea with 24...Nb6 was to sacrifice his queen after 25 Re5 Bc4

(25...Qf6 does not escape 26 Bg5 Qg7 27 Nb6 Qe5 28 Bd8 Rd8 29 Ne6 Qd6 30 Nd8 Qb6 31 Rd1 Be7 32 Qd2) 26 Re6 Be6, obtaining rook plus bishop and counterplay as compensation.

After 27...Ned, Anand ignored the pressure against his queenside to attack on the other wing with 32 f5! Had Kramnik played 32...Be5, then 33 fe 34 Qd2! would have created the powerful threat of 35 Qd7! and on 34...Bd4 35 Rd8, there would follow 35 Qd3 Rd4 36 Qb3 with solid superiority for White. One tactical point is that 36...Re4? loses to 37 Qb8 Kf7 38 Qb7.

In playing 32...Bf5, Kramnik undervalued the effect of 33 Nf7! After 33...Be4 34 Nb6! there was no use playing 34...Bb6 35 Bb6 Bf5 because 36 Qb4! Kf7 37 Qe4 wins.

After 37 Kh1, there was no defense against the threat of 38 Bf6 followed by mate, so Kramnik gave up.

SICILIAN DEFENSE			
White	Black	White	Black
Anand	Kramnik	Anand	Kramnik
1 e4	c5	19 Nac4	dc
2 Nf3	Nc6	20 Qc2	Nd7
3 Bb5	g6	21 Rd1	c5
4 0-0	Bg7	22 Na5	Qe8
5 Bc6	dc	23 Nde4	Bf8
6 g3	Nf6	24 Re5	Nb6
7 h3	Nd7	25 Re8	Bc4
8 Nc3	0-0	26 Re8	Bd8
9 Be3	a5	27 Ne6	Bg7
10 a3	a5	28 Ne5	b5
11 Nd2	Qe7	29 f4	b5
12 Ne4	b5	30 Qf2	Na4
13 Nd2	Rd8	31 Re4	Bf5
14 e4	b4	32 f5	Bf4
15 Nc1	Ba6	33 Nf7	Bd4
16 Nb3	c4	34 Nb6	Kh8
17 Na5	Nb6	35 Qf7	Bb2
18 Nd2	cd	36 Bg5	Bd4
		37 Kh1	Resigns

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## Another Luxury Label Leaps Into Action

Jose Levy Will Take Britain's Holland & Holland in a New Design Direction

By Suzy Menkes  
International Herald Tribune

LONDON — Another new designer name is to be launched into luxury fashion. Holland & Holland, one-time mecca for the hunting and shooting set, will announce this week that the French designer Jose Levy is taking over as design director.

The 35-year-old Levy will not just be offering Gallic savoir-faire for the flood tide of Anglo-Saxon designers who have taken over at Paris houses; he will also be expected to launch into high fashion a quintessentially English company that was taken over in 1990 by the Wertheimer family of Chanel fame.

Veronique Leblanc, the former global marketing and licensing director for Walt Disney Co., and now general manager of Holland & Holland, is charged with infusing this green and countrified brand with a younger, hipper spirit, which will put it in competition with other rejuvenated luxury brands like

Hermes, Loewe and Louis Vuitton.

Levy, in London last week, posed in Holland & Holland's famous "gun room," its core business, and discussed the way he hopes to fuse humor and luxury with an ironic, maybe even canistic, take on "chic Britannique."

"I am very excited — I even like the way it is called the 'House of Holland & Holland,'" Levy said. "I want to do something that looks quite simple and conventional but is a bit surreal — the idea of seeing one thing and something else behind it."

Levy, best known in Paris for his trim and tailored menswear, illuminated with fresh colors, worked formerly with Cacharel and Nina Ricci menswear, but has already developed his own label in Japan and launched his first women's collection for spring-summer 1999.

Although he does not envisage a Holland & Holland line on the international runways yet, especially as there is much to do on the women's side, the collection could be presented publicly by next fall.

Holland & Holland, which was founded in 1835 as a master gunmaker, already has an international reputation for its sporting guns and rifles and for its shooting and travel programs, which include a clay-pigeon shooting school and adventure travel outings (read safaris) in Africa and South America.

By building on its heritage, the company has developed clothing, outerwear and accessories as well as luggage and small leather goods. It has two London stores, and has opened flagships in Paris, on 57th Street in New York and on Rodeo Drive in Beverly Hills. And this fall, a 350-square-foot (32.5-square-meter) corner has also been opened at Saks Fifth Avenue in Manhattan, suggesting that the brand is having a forward push.

Levy's appointment raises the intriguing question of whether the discreet Wertheimer brothers are in the process of building a luxury conglomerate in Europe, particularly in light of their closing down of Isaac Mizrahi's New York business this fall.

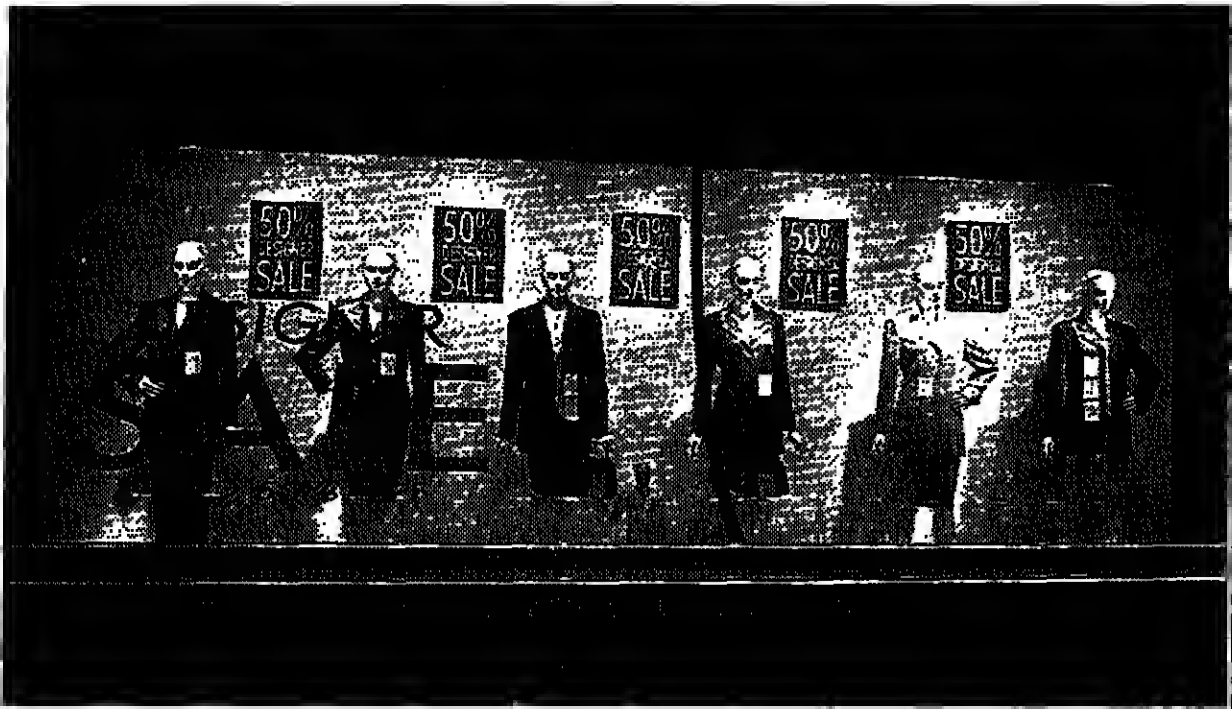
One of their success stories in London has been Tanner Krolle, the 140-year-old leather-goods company they took over in 1992. Its store on Bond Street, opened last year, has bucked the current retail blues.

Philip Davis, managing director of the store, said: "We have been successful at bringing in the Brits where Bond Street in general has relied on overseas customers and has been affected by the Asian downturn."

Tanner Krolle also won the 1998 British Luxury Briefing Award for Excellence, staying off names that are household words or at least trip more easily off the tongue. It has also started an international development with distribution into Bergdorf Goodman and Neiman Marcus in America.



The Frenchman Jose Levy hopes to fuse humor and luxury as he takes the reins of the quintessentially English Holland & Holland.



Going, going, gone: Half-price sale at Simpson Piccadilly, above, which will close in February; the White House will shutter its doors to concentrate on wholesaling, and Asprey & Garrard has swallowed the crown jeweler.

## Downsizing for the Upscale

Stores Cope With Consumer Caution in a Chilly Retail Climate

LONDON — Is cool Britannia cooling off? The British press has been accused of talking up recession, but the signs are there for anyone to read: mostly in large red "For Sale" letters where stores are offering 50 percent discounts in what is normally a prime selling season.

The first high-profile casualty was Simpson Piccadilly, the elegant gentleman's store, opened in 1936 but now "economically and logistically unsuit-

able" according to its Japanese owner Sankyo Seiko, which bought the group and its Daks label in 1991. The store will close in February 1999.

Liberty is another London store with a famous past but an uncertain future. It is riven by management disputes and posted an annual loss of £11.5 million (\$19 million) in July, despite critical acclaim for its original merchandise and its support of avant-garde designers.

At Harrods, the spokesman Andrew Wiles is talking about a "difficult"

period since the annual July sale, as the store has been hit by dwindling tourism. But Selfridges on Oxford Street has had a major refurbishment, including an enlarged, state-of-the-art beauty department.

Marks & Spencer announced last month a 23 percent fall in first-half profit — its first drop in seven years. It was accompanied by the company's first warning about future profits since the group entered the stock market in 1966, with Sir Richard Greenbury, M&S chairman and CEO, saying, "It's a bloodbath out there."

Problems also apply at the luxury end, where stores are being forced to downsize and rationalize. The White House, famous for its fine linens and nanny-knows-best children's clothes, moved out of Bond Street 18 months ago. It chose the neighboring Conduit Street, where a raft of new designer stores, including The Conran Shop, Moschino, Krizia, Vivienne Westwood and Yohji Yamamoto were supposed to be creating a new shopping mecca.

But last week, Christian Delierre said that his father, John, had made the decision to close the store and concentrate on a wholesale and custom-made business in a new location in Chelsea, southwest London. Private commissions have included black embroidered sheets for a circular bed, but the projected growth is in promoting a White House brand. A trade stand at an American bed and bath show earlier this year has already resulted in 65 accounts with specialist bed linen shops.

"In England, the White House has been known for tradition and a certain standard of service," says Delierre. "But we see the future of the company as a wholesale operation and with interior designers. We are the Rolls-Royce of bed linens. But why have the overheads of a shop, when we have a large customer base in America which orders by phone and fax?"

Another landmark that has disappeared is Garrard, the crown jeweler, whose Regent Street site stands deserted and abandoned. Its name and its royal warrants have been subsumed into the Asprey group, and the Bond Street store is now called Asprey & Garrard.

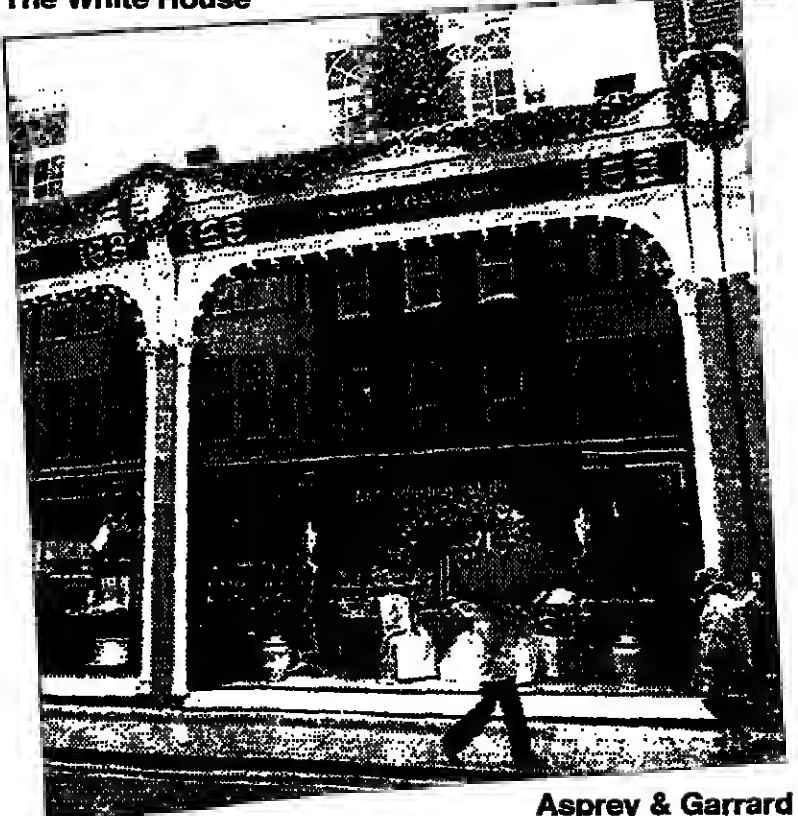
Garrard's departure is part of the fallout from the troubled business empire of Prince Jefri Bolkiah, brother of the Sultan of Brunei. It is not necessarily typical of the London jewelry market, which Rosa Monckton of Tiffany describes as still in good shape.

"I am crossing everything and touching my desk, but we are doing fantastically well," she says. "We have never relied on one or two high rollers, it's all about being accessible and aspirational too."

Monckton says that Tiffany's corporate business is also strong, although other jewelers cite recent layoffs at Merrill Lynch in London as a bellwether that is making caution the new watchword for consumers and retailers alike.



The White House



Asprey & Garrard

Suzy Menkes

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#### ACROSS

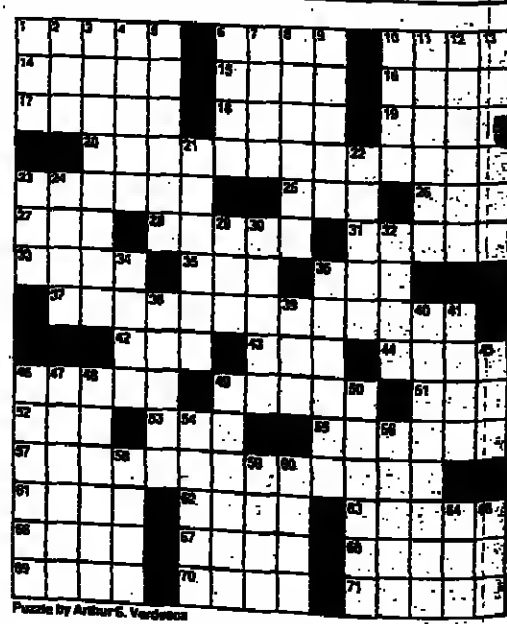
- 1 Carried on
- 6 "Think Fast, Mr. [1957] mystery"
- 10 Dour
- 14 Single-handedly
- 15 "... and make it snappy!"
- 16 Field of work
- 17 Poles, e.g.
- 18 Fingerprint or dropped handkerchief, say
- 19 Kimono sashes
- 20 Oppose
- 23 Some ancient writings
- 25 Exploit
- 26 Just-passing grade
- 27 Gone by
- 28 Mournful ones
- 31 Drudges
- 33 Dinner at boot camp
- 35 The Baltic, e.g.
- 36 Home on the farm
- 37 Wall Street fixture
- 42 Exclamations of regret
- 43 Bud's pal
- 44 Empty, in math
- 46 "America" author
- 49 Film critic Jeffrey
- 51 The Greatest
- 52 Lolly lyric
- 53 Asian capital
- 57 Like some tenors
- 61 Mean one
- 62 Composite fruit
- 63 Fine suit material
- 66 Property claim
- 67 Island dance
- 68 Bequeath
- 69 Lavish affection (on)
- 70 Site of Iowa State
- 71 Bud Grace comic sing

#### Solution to Puzzle of Nov. 16

TALL ASPEN ABLE  
IDEA SHARI ALEX  
GOOD DAYS UNSHINE  
ERNIE OPEN NOS  
READERS TREAD  
ADULT SETSTO  
ADS REAP ZIPUP  
BETTER PLACETOBE  
CLEAN TELL YAR  
DEVILS SLAPS  
OWEN SPAS LORJA  
BESTING OF FOR YOU  
IRON HOUSE KILN  
TENT ATBAY STAY

#### DOWN

- 1 Is no longer
- 2 "Is that —?"
- 3 Kicker's target
- 4 Accredited diplomat
- 5 Catch sight of
- 6 Jet speed measure
- 7 Capital near the 60th parallel
- 8 Ford debut of 1988
- 9 Make the first bid
- 10 Gentle freight
- 11 Psychic energy, to Freud
- 12 Married
- 13 Interlocks
- 14 Newsstands
- 15 Nasal partitions
- 16 Tennis's Shriver
- 17 Census date
- 18 Teeny
- 19 Without strict oversight
- 20 Boston suburb
- 21 Overcharge, slangily
- 22 Railroad switches
- 23 Many a climactic movie scene
- 24 Dove's cry
- 25 Protector
- 26 Frames of 40's-50's film
- 27 Author Yutang
- 28 German goblin
- 29 Slow ballet dance
- 30 Animal that drives rabbits from their burrows
- 31 Lecture hall
- 32 Not demand everything one wants
- 33 Beginning
- 34 True cutter
- 35 Actor Auberon
- 36 Sound in body
- 37 Times to live through
- 38 58, to Flavius
- 39 Grant's opposite



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# Vanity Retailing: Is Bond Street's Bubble About to Burst?

By Suzy Menkes  
International Herald Tribune

**L**ONDON — A black-clad figure walks across the marble floor and begins the daily ritual: a measured process down the central aisle, scented candles lit on one side, pieces of cloth folded and unfolded.

This is a religious service? Some royal custom? No, it's just the beginning of another long day in the empty temples of London's Bond Street.

Here are vainglorious monuments to designer egos — stores where a customer rarely disturbs the bored sales staff, where the ting of the till is a special event and where the only sound is a drill next door, as yet another brand reads its plate-glass window for a public opening.

"Vanity retailing" — the concept of designer megastores as self promotion — is a phenomenon of the late 1990s. And in Bond Street the bubble is about to burst.

Rumors are rife that two globally famous stores will throw in the designer logo towel. Retail analysts reel off stores openly or discreetly on the market. And in an early sign of tougher times, landlords are waiving the £1 million-plus (\$1.6 million) premium once demanded for taking over a lease.

Walking down Bond Street — or London's other luxury shopping mecca on Sloane Street — you would not sense a problem. The once quirky stores with Dickensian shop fronts have been replaced by modernist buildings with famous names over the doors: Armani, Gucci, Donna Karan, Calvin Klein, Prada, Versace, Louis Vuitton.

And more are still to come. For 18 months, Tommy Hilfiger has been creating a Bond Street design emporium that will finally open next spring. Ralph Lauren has taken half a block and in March 1999 will open a 22,000-square-foot (2,045-square-meter) four-floor store as its European retail headquarters.

The idea of vanity retailing has long been whispered about in the fashion world. This month came the proof of the phenomenon from New York, when Donna Karan announced that in the fall of 1999 she would open — at her own expense — a 10,200-square-foot store on Madison Avenue that her public company was not prepared to support. She gets "the creative freedom to explore new ideas" and her company gets a flagship without having to pick up the tab.

The idea that shops should be dedicated to one single brand grew out of the designer boom of the 1980s. Frustrated by picky independent retailers and by cut wars in department stores, designers decided to create their own environments, figuring that, even if the store did not coin money, it would still offer an aspirational vision.

As Michael Horwitz, a London retail consultant puts it: "You don't have to buy in the megastore — you can shop next time you are in Glasgow. These people work on a global view and the stores are saying to the world that they are important."

But, with rents in London at £500,000 a year for a decent-size store, requiring revenue of at least £2 million a year to pay 20-plus staff members and make even a small profit, who can afford these pricey shop windows?

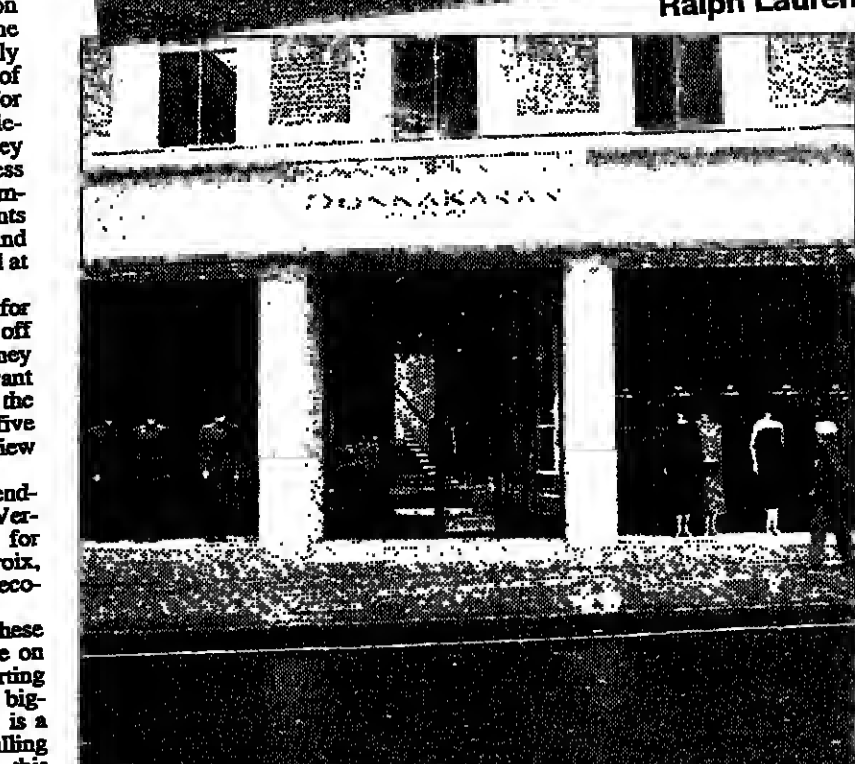
Bond Street's designer temples: Vuitton's corner store; Lauren's half-block, which will open in March 1999 as European retail headquarters, and storefronts for the American designers Donna Karan and Calvin Klein.



Louis Vuitton



Ralph Lauren



Donna Karan



Calvin Klein

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EUROPE

# German Aide Rebuffs Call For Cuts in Interest Rates

By John Schmid  
International Herald Tribune

FRANKFURT — As top French and German finance officials tried to cool conflicts on interest-rate policy Monday, an economic adviser to Chancellor Gerhard Schröder widened a split in the new German government over economic policy.

Klaus Greshmann, whose appointment as Mr. Schröder's deputy at international and economic summit meetings was announced Monday, wasted no time in distancing himself from the economic views of Finance Minister Oskar Lafontaine.

Mr. Greshmann called Mr. Lafontaine's plan for exchange-rate target zones "unrealistic" and rejected his recent calls for a German interest-rate cut.

After meeting with French and German central banks Monday, Mr. Lafontaine cooled his public feud with the Bundesbank by



Finance Minister Oskar Lafontaine of Germany, second from left, gesturing Monday at a news conference also attended by his French counterpart, Dominique Strauss-Kahn, third from left, Hans Tietmeyer, head of the Bundesbank, left, and his French counterpart, Jean-Claude Trichet, right.

softening demands for political influence over the central bank's two main economic levers: interest rates and exchange rates.

Mr. Lafontaine struck an uncharacteristically cooperative tone with the German central bank, denying any "fight between the federal reserve and the federal government," after their confrontation prompted fears that Bonn's political interference with the new European Central

Bank would damage the credibility of the European Union's new common currency, the euro.

In the view of some commentators, Mr. Greshmann is expected to give Mr. Schröder, who presents himself as a pro-business centrist, a stronger voice in his government's economic policy, which until now was dominated by Mr. Lafontaine, a traditional socialist. As the chairman of the Social Democratic Party, Mr. La-

fontaine has been called Mr. Schröder's "shadow chancellor." Mr. Greshmann's comments suggest that the chancellor and Finance Minister could end up with economic advisers that have clashing views.

By breaking a 20-year tradition and putting his deputy directly in his own chancellor's office, Mr. Lafontaine, the newspaper Die Zeit reported, Mr. Lafontaine supports interest-rate cuts and higher wages to stimulate the economy.

Mr. Lafontaine on Monday backed away from his confrontation with the Bundesbank at a Franco-German economic summit that included Hans Tietmeyer, president of the Bundesbank, Finance Minister Dominique Strauss-Kahn of France and the governor of the Bank of France, Jean-Claude Trichet.

# C&W Details Network Plan For Europe

Compiled by Our Staff From Dispatches

LONDON — Cable & Wireless PLC, the second-biggest British telecommunications company, said Monday it would spend \$1 billion over five years to build a high-speed European telecommunications network for multinational companies.

The company, which announced last week that it planned to attack Europe on its own after its alliance with Telecom Italia SpA fizzled, said its new "super-network" would link more than 40 European cities in 13 countries and create more than 1,000 jobs.

C&W dropped its link with Telecom Italia because of management turmoil at the Italian company.

Plans for a European network follow C&W's purchase this summer of MCI Communications Corp.'s Internet business. That purchase made C&W the second-biggest carrier of Internet traffic in the United States.

C&W said it planned to become a leading "backbone" Internet provider between Europe and the United States.

The company hopes to double its annual European revenue — currently at about £100 million (\$166 million) — every year for the next five years.

The investment, which would be in addition to \$5 billion of spending planned for Britain over the next three years, is to be paid from existing resources.

The expansion includes buying high-speed links from Hermes Europe Railnet BV, a unit of Global Telecommunications Group Inc., and paying more than \$100 million to Global Crossing Ltd. for fiber-optic cables crossing 18 European cities.



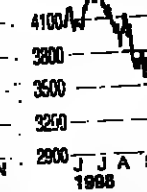
C&W's plan differs from those of competitors — such as Colt Telecommunications Group PLC and MCI WorldCom Inc. — who began their efforts to win business customers by building local high-speed networks in major cities and then adding long-distance links.

Instead, C&W is developing a long-distance "super-network" among more than 40 major European cities in 13 countries.

That network would be connected with its undersea cables and its networks in the United States, Hong Kong and Australia.

(Reuters, Bloomberg)

# Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40		
				
J J A S O N 1998	J J A S O N 1998	J J A S O N 1998		
Exchange	Index	Monday Close	Prev. Close	% Change
Amsterdam	AEX	1,058.84	1,058.96	+0.27
Brussels	BEL-20	3,183.58	3,172.27	+0.36
Frankfurt	DAX	4,783.77	4,839.56	+3.11
Copenhagen	Stock Market	615.89	616.43	-0.09
Helsinki	HEX General	4,436.76	4,388.56	+0.87
Oslo	OBX	508.73	513.30	-0.89
London	FTSE 100	5,510.50	5,463.20	+0.87
Madrid	Stock Exchange	798.73	783.03	+2.13
Milan	MIBTEL	21004	20638	+1.77
Paris	CAC 40	3,621.85	3,562.23	+1.67
Stockholm	SX 16	3,614.54	3,588.83	+2.14
Vienna	ATX	1,129.78	1,108.05	+1.96
Zurich	SPI	4,267.26	4,233.51	+0.80

Source: Telexurs

International Herald Tribune

Source: Reuters

# Very briefly:

- British Steel PLC said weak sales and prices could push it into a loss for the full year as worsening markets and the strong pound triggered a slump in first-half profit to £108 million (\$179.9 million) from £143 million last year.
- Kvaerner AS had a nine-month pre-tax loss of 1.15 billion Norwegian kroner (\$153.3 million), reversing a profit of 903 million kroner a year earlier, as the shipbuilder wrote down the value of assets and took charges for project losses.
- Ford Motor Co. plans to cut 2,800 jobs, a quarter of the total, at its Genk, Belgium, car and truck assembly plant, to try to improve its productivity in Europe. In exchange for the cuts, the U.S. carmaker will pledge new investment for the plant.
- Springer-Verlag AG, a German scientific publisher, said Bertelsmann AG was the top candidate to take it over and that its shareholders would decide on a buyer in about a week.
- DaimlerChrysler AG shares soared as investors rushed to buy stock to reflect the company's increased weighting in Germany's benchmark index and as concern eased that global car sales were easing. DaimlerChrysler's stock on a when-issued basis rose 8 percent to 140.90 Deutsche marks (\$83.47). Shares in the combined company are to start trading Tuesday.
- Aerospaciale of France, British Aerospace PLC, Construcciones Aeronauticas SA of Spain, Daimler-Benz Aerospace AG of Germany, Finmeccanica-Alenia SpA of Italy and Saab AB of Sweden have told their governments that a unified European aerospace and defense group was the "right target structure" to consolidate the sector.
- Telecom Italia SpA's shares rose 3 percent to 12.80 lire (\$7.67), but Ente Nazionale Idrocarburi SpA fell 2 percent to 9.824 lire in reaction to news that ENI's chief executive officer, Franco Bernabe, would become head of Italy's former telephone monopoly.

Bloomberg, Reuters

# Russian Banks Pin Hopes on Debt Talks

Bloomberg News

MOSCOW — Russian banks are fighting for survival as they try to persuade foreign creditors to reschedule more than \$12 billion in debt payments after the government's three-month moratorium on repayment of private obligations expired Monday.

"It's clear that a number of Russian banks without support won't be able to continue," said David Riley, director of sovereign ratings at Fitch IBCA in London.

"Some of the second-tier smaller banks might be more able to survive than some of the more well-known Moscow-based banks, because of less exposure to the dollar forwards and other obligations to Western banks," he said.

Russia's largest private bank, which borrowed abroad last year and sold currency forward contracts to foreign investors when Russian

stock and bond markets were among the world's best-performing, will be the most exposed by the end of the moratorium.

Russia's fourth-biggest bank by assets, Uneximbank, has said it has already started talks with creditors.

"We will work to restructure some of our foreign debts," said Vladimir Godilin, head of financial operations in the Treasury department of Uneximbank. "We created a committee with outside legal and financial consultants to help us in talks with creditors."

Uneximbank owes some \$1.44 billion just on currency forward contracts, which are agreements to deliver dollars at a fixed exchange rate.

Its London bank accounts were defaulted on more than \$25 million in payments to Lehman Brothers Holdings Inc.

Other banks are trying to avoid

the same fate through negotiations with creditors, analysts said.

Their position is made worse by the more than 60 percent decline in the value of the ruble since mid-August, making it more expensive to service foreign-currency debts. The dollar rose to 16.41 rubles Monday from 15.93 rubles Friday.

The government no longer is taking responsibility for the \$6 billion that Russian banks owe to foreign banks on the forward contracts. The contracts were dropped from the government's negotiations with its own creditors on 281 billion rubles (\$17.64 billion) of defaulted government bonds.

Ministry of Finance officials are expected to arrive Tuesday in London for talks with representatives of foreign bondholders. The government said it expected to reach agreement this week on a new rescheduling arrangement.

# WORLD STOCK MARKETS

Monday, Nov. 16				Tuesday, Nov. 17				Wednesday, Nov. 18				Thursday, Nov. 19				Friday, Nov. 20			
Index	High	Low	Close	Index	High	Low	Close	Index	High	Low	Close	Index	High	Low	Close	Index	High	Low	Close
Amsterdam	1,058.84	1,058.84	1,058.84	Amsterdam	1,058.84	1,058.84	1,058.84	Amsterdam	1,058.84	1,058.84	1,058.84	Amsterdam	1,058.84	1,058.84	1,058.84	Amsterdam	1,058.84	1,058.84	1,058.84
Brussels	3,183.58	3,183.58	3,183.58	Brussels	3,183.58	3,183.58	3,183.58	Brussels	3,183.58	3,183.58	3,183.58	Brussels	3,183.58	3,183.58	3,183.58	Brussels	3,183.58	3,183.58	3,183.58
Frankfurt	4,783.77	4,783.77	4,783.77	Frankfurt	4,783.77	4,783.77	4,783.77	Frankfurt	4,783.77	4,783.77	4,783.77	Frankfurt	4,783.77	4,783.77	4,783.77	Frankfurt	4,783.77	4,783.77	4,783.77
Copenhagen	615.89	615.89	615.89	Copenhagen	615.89	615.89	615.89	Copenhagen	615.89	615.89	615.89	Copenhagen	615.89	615.89	615.89	Copenhagen	615.89	615.89	615.89
Helsinki	4,436.76	4,436.76	4,436.76	Helsinki	4,436.76	4,436.76	4,436.76	Helsinki	4,436.76	4,436.76	4,436.76	Helsinki	4,436.76	4,436.76	4,436.76	Helsinki	4,436.76	4,436.76	4,436.76
Oslo	508.73	508.73	508.73	Oslo	508.73	508.73	508.73	Oslo	508.73	508.73	508.73	Oslo	508.73	508.73	508.73	Oslo	508.73	508.73	508.73
London	5,510.50	5,510.50	5,510.50	London	5,510.50	5,510.50	5,510.50	London	5,510.50	5,510.50	5,510.50	London	5,510.50	5,510.50	5,510.50	London	5,510.50	5,510.50	5,510.50
Madrid	798.73	798.73	798.73	Madrid	798.73	798.73	798.73	Madrid	798.73	798.73	798.73	Madrid	798.73	798.73	798.73	Madrid	798.73	798.73	798.73
Milan	21004	21004	21004	Milan	21004	21004	21004	Milan	21004	21004	21004	Milan	21004	21004	21004	Milan	21004	21004	21004
Paris	3,621.85	3,621.85	3,621.85	Paris	3,621.85	3,621.85	3,621.85	Paris	3,621.85	3,621.85	3,621.85	Paris	3,621.85	3,621.85	3,621.85	Paris	3,621.85	3,621.85	3,621.85
Stockholm	3,614.54	3,614.54	3,614.54	Stockholm	3,614.54	3,614.54	3,614.54	Stockholm	3,614.54	3,614.54	3,614.54	Stockholm	3,614.54	3,614.54	3,614.54	Stockholm	3,614.54	3,614.54	3,614.54
Vienna	1,129.78	1,129.78	1,129.78	Vienna	1,129.78	1,129.78	1,129.78	Vienna	1,129.78	1,129.78	1,129.78	Vienna	1,129.78	1,129.78	1,129.78	Vienna	1,129.78	1,129.78	1,129.78
Zurich	4,267.26	4,267.26	4,267.26	Zurich	4,267.26	4,267.26	4,267.26	Zurich	4,267.26	4,267.26	4,267.26	Zurich	4,267.26	4,267.26	4,267.26	Zurich	4,267.26	4,267.26	4,267.26
Buenos Aires	1,129.78	1,129.78	1,129.78	Buenos Aires	1,129.78	1,129.78	1,129.78	Buenos Aires	1,129.78	1,129.78	1,129.78	Buenos Aires	1,129.78	1,129.78	1,129.78	Buenos Aires	1,129.78	1,129.78	1,129.78
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Paris	1,129.78	1,129.78	1,129.78	Paris	1,129.78	1,129.78	1,129.78	Paris	1,129.78	1,129.78	1,129.78	Paris	1,129.78	1,129.78	1,129.78	Paris	1,129.78	1,129.78	1,129.78



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# Japan Stimulus Plans: 'A Kind of Treadmill'

By Sheryl WuDunn  
New York Times Service

TOKYO — It may have been the largest economic stimulus program ever announced here, but investors have been disappointed in Japan so many times that they are hard to impress.

Stocks rose moderately Monday with the announcement of the \$195 billion plan, but many critics yawned and shrugged that the package was misguided and short-sighted.

Some said the answer to Japan's problems lay not in throwing money at them but in undertaking structural changes to create more of a market economy. Others say that money might indeed solve the problems but that the economy is sinking into such a big hole that it takes a massive stimulus just to get back to the starting point.

One problem is that the government's credibility is as fragile as the economy is. Officials have promised recovery so many times that no one knows whether to believe them this time, and in any case the government finds itself having to outdo its previous record stimulus to demonstrate that Japan is going to buoy growth.

"It's a kind of treadmill," said Peter Morgan, economist at HSBC Securities Japan Ltd. "They keep moving the goal posts. They get locked into these large packages to stay neutral."

Prime Minister Keizo Obuchi's announcement included a giant package of tax cuts, spending and lending. It is an ambitious grab bag of measures that includes \$10 billion to

promote housing investment, \$8 billion to create 1 million jobs, \$8 billion to assist crisis-hit Asian nations and \$48 billion in financing to alleviate a nationwide credit squeeze.

Stock prices reacted to the plan with contained enthusiasm, with the benchmark Nikkei Stock Average of 225 shares ending at 14,428.27, up 160.06 points, or 1.12 percent.

The underlying problem for Japan has been that corporate profits, consumption and corporate spending are all sliding. With unemployment rising and threatening to jump even more, an economic package valued at 24 trillion yen (\$195 billion) may not appear so large by comparison.

Mr. Obuchi said Monday that he would do his best to bring Japan out of recession in its next fiscal year. Japan has begun implementing an earlier stimulus package, but many

economists are still predicting an economic contraction of about 2 percent for the year ending March 31, 1999. Notwithstanding the latest plan, which will be carried out in the next fiscal year, a number of economists are also expecting a small contraction in that year as well.

Economists and business executives also have a few other specific concerns with the plan. Some had hoped for a rollback in the 5 percent consumption tax, but Taichi Sakaiya, head of the Economic Planning Agency, ruled that out for now.

Others had hoped that long-term tax cuts of more than 6 trillion yen would be put into effect immediately, but the government does not plan to enact a bill until next year, and the actual tax cuts may not be implemented until taxpayers submit their tax returns for 1999.

## Thai Oil Halts Debt Payment For 6 Months

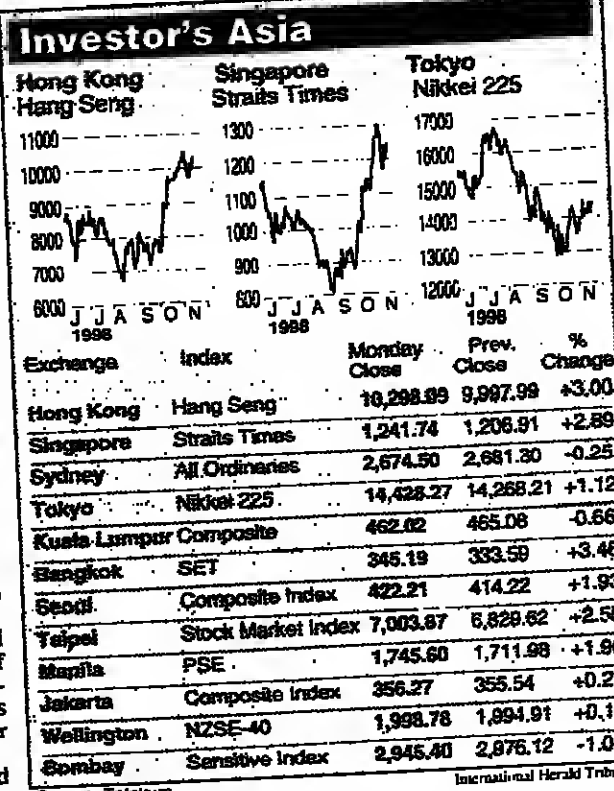
Compiled by Our Staff From Dispatches

BANGKOK — Thai Oil Co., the biggest refiner in Thailand, said Monday it had halted payments on \$1.9 billion of debt for "at least six months," joining a long list of Asian companies to concede it could not service its obligations amid slowing economies.

"My company doesn't have any cash left," said Chulchit Bomyakiet, the company's managing director. Thai Oil, like hundreds of companies throughout Asia, has been crippled by tumbling currencies and deepening recessions.

The freeze means the refiner will default on a coupon payment of more than \$5 million on a floating-rate note due Monday. Thai Oil is seeking more time to obtain easier terms from its creditors.

The company said 140 local and overseas creditors had agreed in principle to convert \$330 million in debt into a 50 percent stake in the company. The company's outstanding debt totals \$3 billion, of which \$1 billion is owed by its cement unit, TPI Polene.



## GREENSPAN: How Fed Chief Views Markets in Turmoil

Continued from Page 15

But his evolving thinking helps explain why the Fed stayed largely on the sidelines in the past few years as the U.S. economy exceeded the "speed limit" of what were supposed to be maximum rates of sustainable growth imposed by traditional forecasting models and rules.

His thinking serves as the foundation for the concerns he has expressed recently about the risks to the economy from the near-panic in the bond markets — and suggests that he remains extremely concerned about financial-market problems even as the panic begins to subside.

It also helps to shape an impression — by no means universal — that Mr. Greenspan is more willing to rethink his approach than he gets credit for and that he is not as preoccupied with economic minutiae as many apparently have long believed.

"What's impressive about Greenspan is that he's open-minded to the fact that each business cycle is different and the economy is changing and we don't know as much as we think we know," said William Dudley, an economist at Goldman Sachs & Co.

Mr. Greenspan's approach to his job is fiercely intellectual and dispassionate. He rarely gets out to factory floors or fast-food kitchens and, except in occasional visits with labor leaders, rarely seems to interact much with anyone but the elites in government, economics, business and finance.

He draws on the 30 years he spent as a consultant advising a wide range of industries for a sense of what all those arcane facts and statistics mean in the real world.

The sheer breadth of Mr. Greenspan's data-gathering has always dissuaded him from relying on a particular forecasting model or rule-driven approach to monetary policy.

Yet while Mr. Greenspan shies away from reading innumerable patterns in the past, he is a keen student of history.

"There's a scholarly dimension to him," said David Hale, an economist at the Zurich Group. "A lot of people in our business are consumed by money-market gibberish. He can see the sweep of history."

He frequently cites work by two economists at Stanford University, Paul David and Nathan Rosenberg, who have shown that it often takes decades before new technology is fully absorbed and exploited by businesses.

"What we may be observing in the current environment is a number of key technologies, some even mature, finally interacting to create significant new opportunities for value creation," Mr. Greenspan said in a speech last year, citing as an example the use of decades-old laser technology in fiber optic cable to carry traffic on the Internet.

If technology has begun to improve productivity, that would help explain a big mystery of the past several years: why, with low unemployment and steady growth, there has not been inflation. The likelihood that productivity is increasing more than official statistics show seems to be a key reason Mr. Greenspan has held off on raising interest rates over the past several years.

Moody's Raises Flags in Japan

Compiled by Our Staff From Dispatches

TOKYO — Moody's Investors Service Inc. warned Monday that it might cut its ratings for two troubled Japanese carmakers, Nissan Motor Co. and Mitsubishi Motor Corp., to "junk" status.

The U.S. credit-rating agency said the lingering recession in Asia threatened to derail the automakers' financial recovery plans. Moody's currently rates the debt of both companies at Baa3, just one notch above junk bond status.

Nissan and Mitsubishi, which rely on Japan and the rest of Asia for the bulk of their sales, forecast group net losses in the year through March, for the second straight year. That will make it more difficult for them to write off billions of yen in debt.

"The effects of Japan's worsening economy and weakening financial system on the two companies will increase business uncertainty," Moody's said.

A junk rating — the Moody's term for "speculative" — indicates that a company may have difficulty paying its debts.

The companies declined to comment on Moody's report. Mitsubishi shares closed at 301 yen (\$2.46), up 23, while Nissan's shares were unchanged at 333.

(AFP, Bloomberg)

## Moody's Raises Flags in Japan

Compiled by Our Staff From Dispatches

Prachai Leophairatana, Thai Oil's chief executive, said the company was calling for a Dec. 2 meeting with creditors to seek final approval and discuss details.

He said the debt-for-equity swap would reduce the average interest rate the company paid on its debt to between 6 percent and 7 percent from the current 10 percent.

Shrinking economies have sapped demand for energy, sending oil prices tumbling as producers and refiners compete for fewer customers. Thai Oil earns about \$1.80 on each barrel of refined oil it sells, half the profit margin of a year ago, Mr. Chulchit said.

With its debt-service failure, Thai Oil joins such companies as Thai Petrochemical Industry PCL and TelecomAsia Corp. (Bloomberg, AFP)

South Korea and the International Monetary Fund agreed that the country's sputtering economy would return to growth next year amid an easing monetary policy and said the government had made "significant progress" in advancing economic restructuring. But Seoul and the IMF warned that while growth would resume in 1999, "the timing and strength of the recovery will depend critically on improvements in domestic confidence and the external environment."

Japan's current-account surplus surged 70 percent in September from a year earlier, to 1.93 trillion yen (\$15.76 billion). It was the 18th consecutive monthly increase. In the six months to September, the surplus, which measures the flow of goods and services as well as investment income and other monetary transfers, rose 45 percent, to 8.30 trillion yen.

Japanese corporate bankruptcies rose 5 percent in October, to 1,685, their 22d consecutive monthly increase, as banks reduced lending and manufacturers suffered from falling domestic demand, according to Tokyo Shoko Research. Liabilities totaled 749 billion yen, a rise of 53.8 percent from a year earlier.

Standard Chartered PLC, a British Bank that does most of its business in Asia, agreed to sell CGU PLC's general insurance products in Hong Kong and Singapore and is negotiating for a similar deal on life insurance. AFP, Bloomberg

lower wages with their employees," said a Hoog Koog government economist, Elley Mao.

Economists said that the construction industry was the among the hardest-hit sectors.

The government plans an infrastructure and public-works program that is expected to create 11,500 jobs over three years at a cost of about 15 billion Hong Kong dollars (\$1.9 billion). But some private economists say that is unlikely to prevent a further rise in the jobless rate in the short term.

## Hong Kong Joblessness Widens to a Record 5.3%

Bridge News

HONG KONG — Hoog Koog's unemployment rose to a record 5.3 percent in the August-October period, as businesses continued to dismiss workers to adjust to a slowing economy.

The August-October joblessness was up from 5.0 percent in the July-September period.

"Faced with the economic downturn and an uncertain business outlook, many employers were downsizing their work force or negotiating

lower wages with their employees," said a Hoog Koog government economist, Elley Mao.

Economists said that the construction industry was the among the hardest-hit sectors.

The government plans an infrastructure and public-works program that is expected to create 11,500 jobs over three years at a cost of about 15 billion Hong Kong dollars (\$1.9 billion). But some private economists say that is unlikely to prevent a further rise in the jobless rate in the short term.

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NOTICE TO ALL UNITHOLDERS  
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Please read this Notice carefully as it contains important information about Citiportfolios Emerging Asian Markets Equity Citiportfolio. If in doubt about the contents of this Notice, you should seek legal and/or professional financial advice.

The recently imposed exchange controls in Malaysia have severely restricted the scope for managing the portfolio's assets. In the best interest of the Unitholders, the Management Company and the Depositary Bank have taken the joint decision to dissolve the Citiportfolios Emerging Asian Markets Equity Citiportfolio, in accordance with Article 17 of the Management Regulations. As of October 27, 1998, the net asset value of the portfolio was determined at \$41,669,124.11 of which 43.65% was invested in Malaysian Ringgits (which includes cash and securities). The value of the Malaysian Ringgit portion of the portfolio was determined on the basis of the prevailing stock exchange quoted prices using the MYR/USD currency rate fixing of 3.8.

Dissolution will be carried out in two tranches:

A preliminary reimbursement will be made on December 18<sup>th</sup>, 1998 comprising the non-Malaysian Ringgit denominated assets of the portfolio converted to US dollars.  
A final reimbursement will follow as soon as the remaining Malaysian Ringgit denominated assets of the portfolio are repatriated and converted to US dollars. Unitholders should be informed that timing of final reimbursement is dependent on regulatory controls. Prior notice will be given to Unitholders before the final reimbursement. However, unless the regulatory controls are lifted, it is not expected that the final reimbursement will take place before October 1999.

The Fund will not accept any subscription or redemption applications from investors during the entire process of dissolution and until termination. During this period, the Malaysian Ringgit denominated assets will be safeguarded in the portfolio's custody account with the Depositary Bank and no further transactions are envisaged for such assets.

Unitholders will be reimbursed in proportion to their respective holdings as recorded in the Fund register at the commencement of dissolution. Unitholders may elect to convert their dissolution entitlements at the time of the preliminary and final reimbursement to units of another portfolio within Citiportfolios by giving written notice to their Relationship Manager/Investment Consultant or to the Fund in Luxembourg at any time before the relevant reimbursement. If elected, such a conversion will be performed free of charge.

Proceeds which are not claimed from the Depositary Bank within six months of the completion of the closure, will be deposited with the "Caisse des Consignations" in Luxembourg for a period of 30 years. Unitholders are kindly requested to keep Citiportfolios informed of any change of correspondence address before the final reimbursement.

Holders of bearer unit certificates are kindly requested to return these certificates to the Management Company or appointed Sales Agents for reimbursement or conversion.

Fees payable to the Depositary Bank, Management Company and Administration Agent will cease to accrue as from the date of preliminary reimbursement on December 18<sup>th</sup>, 1998. No supplementary costs will be borne by the portfolio as a result of its dissolution.

The Directors accept responsibility for the accuracy of the information contained in this Notice. For all enquiries, you may contact Citiportfolios (Luxembourg) S.A. as Depositary Bank at 58, Boulevard Grande Duchesse Charlotte, L-1330 Luxembourg or your Relationship Manager. The latest version of the Citiportfolios sales prospectus may be obtained at these addresses.

By order of the Board of Directors  
Citiportfolios S.A.

## Internet Stocks: A Modern-Day Tulip Craze?

By Reed Abelson  
New York Times Service

NEW YORK — In moon shots heard throughout cyberspace, the stocks of two newly listed U.S. companies soared last week as investors once again rushed to buy up the promise of the Internet. Individual investors, especially those glued to their computer screens, pushed the prices of many Internet stocks to levels that seemed to defy not only gravity but also common sense.

The two latest arrivals were among the biggest beneficiaries of the general enthusiasm for anything to do with the Internet. The stock of The Globe.com Inc., a New York-based company that helps people design Web pages, raced from its initial offering price of \$9 to a peak of \$97, in early trading Monday, the stock was at \$56, down \$7.50.

The globe's spectacular debut followed a display by another fledgling Internet outfit, Earthweb Inc., which gained 247 percent Wednesday, its first day of trading. The stock was trading at \$69.75 early Monday, nearly five times its initial offering price of \$14.

"The valuations being ascribed to these very young companies make almost no sense," said Lisa Buyer, an analyst at Credit Suisse First Boston, who likens the current frenzy over the Internet to the mania for tulips in Holland in the 1600s.

The globe.com, for example, now has a market value of \$622 million, despite the fact that it had a loss of \$11.5 million on \$2.7 million of revenue in the first nine months of the year. The company "has a debatable business model, and it's a junior Geocities," said Keith Benjamin, an analyst with BancBoston Robertson Stephens.

Helping propel these stocks upward is the limited number of shares being sold in these offerings. The globe.com, for example, offered only 3.1 million shares. Companies offer a small number of shares if they believe that a secondary offering, with a much higher stock price, can be a source of future capital.

With demand so great for these

## Firms Offer Fewer Shares, Raising Price

stocks, there appears to be a shortage of supply. The performance of The globe.com "would never have happened if you did not have the Internet feeding frenzy," said David Menlow, president of IPO Financial Network in Springfield, New Jersey. Investors who are piling into Internet stocks may believe they are actually reducing their risk because they think that these companies will prosper no matter what happens in Asia or Latin America or no matter where interest rates are headed.

"In almost a perverse way, Internet stocks have become a safe haven for technology-stock investors," said Jonathan Cohen, an analyst at Merrill

Lynch & Co., who says many Internet stocks have great potential.

The enthusiasm for Internet stocks may also be reawakening interest in the market for initial public offerings, which suffered along with the rest of the market this year when many investors ran from risk. The globe.com, for example, postponed its offering last month. But when Earthweb was so eagerly received, the underwriters "ran it up the flagpole," said John Fitzgibbon, editor of IPO Reporter, a New York-based newsletter on initial offerings.

Many investors may simply be trying to go along for the ride, even if they do not have the benefit of getting the

stock at its initial offering price. "If you get in early and sell, you will make money," said Ms. Buyer of Credit Suisse First Boston. The danger is that some investors may not know when to leave; instead, they may be caught up in a sudden change in market sentiment — and lose money — while waiting unsuccessfully for a greater fool to relieve them of their shares at a profit. "How long does it go on?" Ms. Buyer asked of the Internet frenzy. "It could go on for years. It could go on for hours." But, she said, investors should realize that they really are taking risks with their money, because the stocks of many of these companies could tumble on the slightest dose of reality. "This is not investing," she said. "This is speculating."

## 12 Telebras Successors Start Trading

Bloomberg News

SAO PAULO — Telebras, the Brazilian telecommunications giant, began trading on the New York Stock Exchange on Friday, marking the start of a new era for the company.

Initially, at least, companies such as Telesp Participacoes SA, the Telebras successor serving Brazil's most populous and wealthy state, are expected to benefit. That could change as investors make bets on smaller companies such as Tele Norte Participacoes SA that serve areas extending into the Amazon rain forest.

"We're saying stick with the big names the first few days of trading," said Zaim Manekia, analyst at Warburg Dillon Read. "If the smaller wireless companies underperform, go back in there and build a position. There's tremendous upside, and these companies are being neglected."

The battle for U.S. stockholders in Telebras, which was divided into 12 companies and sold to investors for \$19 billion in July, may be hard fought. When many fund managers have dumped large parts of their

Brazilian holdings because of concern about a possible devaluation, it may be difficult to persuade former Telebras holders to stay in smaller companies seen as even riskier.

Reflecting that insecurity, many investors have been switching their Telebras funds into basket securities created to mimic the behavior of Telebras even after its split. Telebras Holders, created by Merrill Lynch & Co., had a volume of 2.2 million shares on the New York Stock Exchange on Friday, two-thirds of Telebras's New York shares on their final day of trading.

Still, Brazilian investors who have seen almost all former Telebras investment go into a basket share on the Sao Paulo Bovespa exchange and into Telesp Participacoes, are hoping that other Telebras spin-offs will benefit from the injection of capital brought by the New York listings.

"For now, everyone has gone to the same place, Telesp, and ended up sidelining the other companies," said Joao Miyashiro, analyst at Uibanco. "When trading starts in New York, there will be improved understanding of each company."

He said the New York listings benefited shareholders both in Brazil and

in the United States by forcing the Telebras spin-offs to disclose more about their operations and become more analysts now would cover these.

The new shares started trading on the New York Stock Exchange at the end of the Brazilian earnings reporting season. Most of the formerly state-controlled Telebras units reported earnings that were within analysts' expectations.

Many investors saw the quarterly results as indicating little about the companies' long-term prospects, because they came so soon after the Telebras privatization.

Telesp reported a 10.2 percent drop in third-quarter net income to 157.9 million reais (\$127.6 million) from 167 million reais in the previous quarter, as long-distance revenue fell and compensation costs surged.

Embratel Participacoes SA, the long-distance carrier controlled by MCI WorldCom Inc., reported the biggest loss among the 12 spin-offs and yet appeared to be gaining favor among investors. Embratel's stock has gained 20 percent since it was first listed on the Bovespa, and it was added Monday to Goldman, Sachs & Co.'s "recommend list."

## Advertisement

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November 16, 1998

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INTERNATIONAL INVESTING

# Venezuelan Populist Worries Oil Industry

By David Paulin  
Special to the Herald Tribune

CARACAS — The congressional elections that gave Hugo Chavez's leftist coalition a stronger voice in the government are giving investors and business people a strong case of indigestion.

The former coup leader turned populist presidential candidate now seems poised to win the Dec. 6 presidential election. Business executives and foreign investors are concerned over his left-wing campaign style — and what it might mean for their futures.

Chavez, 44, whose leftist Patriotic Pole coalition won a startling victory in the Nov. 8 congressional elections, has pledged to shake up the state oil industry, which he complains has become a "state within a state," benefiting only a small fraction of the 22.6 million Venezuelans.

"That is a powerful promise in a country that has the largest oil reserves outside the Middle East and in which 80 percent of the population is poor."

But it is a promise that has resonance with the electorate that gave Mr. Chavez's coalition 35 percent of governorships and about 36 percent of congressional seats, according to final election results, some of which are being contested.

The Caracas Stock Exchange index fell 6.5 percent on the first two days of last week and was down 8.3 percent for the week, although it was higher Monday on talk of a possible U.S. rate cut.

When campaigning in the slums, the

former lieutenant colonel — "El Comandante," as Mr. Chavez is known — often wears his trademark red beret and falls back on fiery rhetoric appealing to poor people's frustration with the country's economic troubles. Venezuela has been battered recently by falling oil prices, rising inflation, a plunging stock market and a sliding currency.

Recently, Mr. Chavez said he would "try the heads" of the members of one of Venezuela's main political parties, Democratic Action.

But in appearances before business people, Mr. Chavez wears a business suit and speaks in measured tones.

"I am no longer a man of the rifle but a man who wants to change the country peacefully," he said at a recent news conference.

A nationwide poll conducted in late October by the respected firm Consultores 21 gave Mr. Chavez 43 percent of the vote, 12 points ahead of the moderate No. 2 candidate, Henrique Salas Romer.

"Our members are concerned Chavez will become president," said Carlos Alcantara, a consultant and former executive director of Venezuela's Petroleum Chamber, an industry group.

Borrowing the rhetoric of Prime Minister Tony Blair of Britain, Mr. Chavez, who led an unsuccessful coup attempt by senior military officers in 1992, has urged a "third way" between communism and unfettered capitalism.

"We need to reconsider our policy of oil investments and how those investments are functioning in relation to the needs of the nation," he said when announcing his platform Oct. 9.

He has vowed to dismiss the president of the state oil company Petroleos de Venezuela SA, Luis Ginsti, a respected



Mr. Chavez, no longer "a man of the rifle," still wants changes.

oil executive who helped engineer the opening of the nationalized oil industry to international oil companies.

Companies such as Mobil Corp., Atlantic Richfield Co., Texaco Inc., Exxon Corp. and British Petroleum Co. recently returned in Venezuela for the first time in 20 years under Petroleos de Venezuela's plan to double its oil production in 10 years.

Mr. Chavez says that foreign investors are welcome but that "savage capitalism" has no place in Venezuela.

Some in the oil business say the new president, and the country, cannot afford to tinker much with the oil industry, which accounts for about three-quarters of Venezuela's export income.

Not everyone, however, is convinced that Mr. Chavez would follow up on his most radical statements.

"Power can change people," said Jairo Rincon, executive vice president of Phoenix International, an oil-services provider with a 20-year contract with Petroleos de Venezuela.

Mr. Rincon said he was worried about Mr. Chavez's views on the oil business but may vote for him anyway. He cited the need for a strong leader to help revive the economy and instill a sense of national pride.

•Berkshire Hathaway Inc., the investment and insurance company led by billionaire Warren Buffett, had a 15 percent drop in assets in the third quarter, when the value of some of its biggest holdings plunged, notably its stock portfolio, which tumbled 25 percent to \$31.2 billion.

•The French mutual-fund industry, already the largest in Europe at 451 European currency units (\$523.4 billion), is set for another explosion in growth in the next five years despite an abrupt reversal in the performance of

## Very briefly:

French funds in the second half of 1998, according to Europerformance, a Paris-based company. Weaknesses in the French pay-as-you-go retirement system and the popularity of mutual funds are expected to fuel the growth.

•Psion PLC, a British palmtop computer maker, could see its share price slide in the next few months as its smartphone venture that combines voice features with Internet and personal-com-

puter functions is challenged by Microsoft Corp., analysts said. Both companies are battling to be the operating system for the 50 million smart phones that the researcher Dataquest Inc. estimates will be sold by 2002. A Microsoft venture with other palmtop makers and phone network companies is likely to cut into Psion's market share.

•Mercury Asset Management raised \$679 million in two new mutual funds for U.S. investors: Mercury Pan European Growth Fund and the Mercury International Fund. Bloomberg, Reuters

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The 1,000 most traded National Market securities in terms of dollar value, updated twice a year.

[illegible]

250	470	10
240	460	10
230	450	10
220	440	10
210	430	10
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-130	90	10
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-1120	-900	10
-1130	-910	10
-1140	-920	10
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-1180	-960	10
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-1200	-980	10
-1210	-990	



## WORLD ROUNDUP

### Caminiti Returns To Third for Astros

**BASEBALL** Ken Caminiti has signed a two-year contract with the Houston Astros, after rejecting a much richer offer from the Detroit Tigers, so he could return to his first team. The free-agent third baseman, who spent the last four seasons with San Diego, agreed on a two-year, \$9.5 million contract, with an Astro option for \$5.5 million.

Caminiti started with Houston in 1987 and was part of a 12-player trade with the Padres in December 1994. He won the National League MVP award in 1996, but slumped to .252 with 29 homers and 82 runs batted in last season. (AP)

### Record Wimbledon Profit

**TENNIS** Even though it was held at the same time as the soccer World Cup, the Wimbledon championships drew record crowds and produced a record profit of \$33 million (\$52.8 million) in 1998.

The surplus rose by 6.7 percent over last year because of improved TV and merchandising income and record 13-day crowds of 424,998, up 20,000 from the previous mark.

Tim Henman of Britain helped draw the fans on his run to the last four. His semifinal against Pete Sampras attracted 12 million television viewers in Britain, making it one of the top televised sporting events of the year. (AP)

### Norman Wins Shootout

**GOLF** In his first tournament since shoulder surgery seven months ago, Greg Norman forced a playoff with an eighth-hole birdie on the 18th hole. He then won the \$1.3 million Shark Shootout on the third sudden-death hole when partner Steve Elkington hit a 9-iron into 2 feet on the same hole.

Norman and Elkington closed with a 58 Sunday at Thousand Oaks, California. They finished level with John Cook and Peter Jacobsen, who tied a tournament record with a 17-under 55. Both finished at 27-under 189. (AP)

### England Player Attacked

**CRICKET** John Crawley, the England batsman, suffered cuts and bruises to his face in a late-night attack in Cairns, Australia.

The unidentified assailant abused Crawley verbally, then punched him as he returned alone to the team hotel Sunday. Crawley should be fit for the first test against Australia which starts on Friday.

England beat Queensland by one wicket Monday in Cairns. England needed 142 in its second innings. It reached the target with the last two batsmen — Alan Mullally and Robert Croft — batting. (Reuters)

### Running From Olympics

**OLYMPICS** About half a million local residents plan to get out of town during the 2000 Sydney Olympics, according to a report issued Monday. (Reuters)

## Cowboys Hang On To Beat Cardinals

### Plummer Falls Short After Bringing Arizona Back From 28-Point Deficit

*The Associated Press*

Jake Plummer brought the Arizona Cardinals back from a 28-point deficit against Dallas but missed twice from the five-yard line at the end of the game as the Cowboys hung on for a 35-28 victory.

With their Super-Bowl hardened big names playing well, the Cowboys raced to a 28-0 lead in Sun Devil Stadium. It looked like just another romp over the Cards, whom they have beaten in 16 of their last 17 meetings.

Emmitt Smith scored three touchdowns to pass Walter Payton and Jim Brown and become No. 3 on the career

New Orleans, drove the Saints 62 yards for a touchdown on their first possession, capping it with a 10-yard touchdown pass to Cam Cleeland.

Packers 37, Giants 3 Brett Favre became the second-fastest player ever to reach 200 career touchdowns passes and 25,000 yards passing for the Packers, who lost in Pittsburgh six days earlier.

The Giants gained just 127 yards while a newly acquired runner, Darick Holmes, gained 111 yards in 27 carries for Green Bay, which has lost both Dorsey Levens and Travis Jervey to injury.

Jaguars 23, Buccaneers 24 Fred Taylor ran 70 yards for his third touchdown with 2:40 remaining as the Jaguars won their third straight and took a two-game lead over Pittsburgh in the American Football Conference Central division.

Tampa Bay lost its seventh straight road game.

#### NFL Roundup

touchdown list behind Jerry Rice and Marcus Allen. One of those scores was set up on an interception by Deion Sanders, who was in and out of the game with a toe injury.

But then Plummer came back with the kind of heroics he demonstrated in the same stadium while playing for Arizona State.

Plummer threw for 465 yards. He had two shots at winning the game near the end, and the Cards vehemently claimed there was pass interference in his second try, on a fade pattern to Rob Moore.

"I didn't think that they could come back," said Chan Gailey, the Dallas coach. "I thought we'd score a couple of more touchdowns and that would be that."

Oilers 23, Steelers 14 Tennessee beat Pittsburgh for the second time in three weeks with 10 points in the final three seconds. Al Del Greco's 22-yard field goal gave the Oilers a 16-14 lead, then Michael Roan fell on a fumble in the end zone as the Steelers desperately tried to keep the ball alive on the kickoff return.

Kordell Stewart, the Pittsburgh quarterback, was 22-of-28 for 239 yards and two touchdowns.

Colts 24, Jets 23 Peyton Manning's third touchdown pass of 14 yards to tight end Marcus Pollard with 24 seconds to go, knocked the New York Jets out of a first-place tie with Miami. Indianapolis drove 80 yards for the winning score after losing 44-6 to the Jets in the first meeting.

Aaron Glenn of the Jets caught a missed 63-yard field goal attempt by the Colts in the end zone and ran a record 104 yards for a touchdown as the first half ended.

Redskins 28, Eagles 3 Skip Hicks scored three touchdowns on short runs as Washington won the second game in its last three, both at home.

Philadelphia has lost four games by 25 or more points this season.

Bills 13, Patriots 10 Dong Flutie threw 10 yards to tight end Jay Riemersma with 1:57 left in the third quarter for the Bills' only touchdown as Buffalo won for the sixth time in seven games after an 0-3 start.

It was the fourth loss in five games for New England.

Saints 24, Rams 3 Kerry Collins, making his first start at quarterback for

the Bears held Barry Sanders to 28 yards on 14 carries earlier this season. But this time Sanders, wearing a flak jacket to protect sore ribs, rushed 24 times for 114 yards, the 75th 100-yard game of his career.

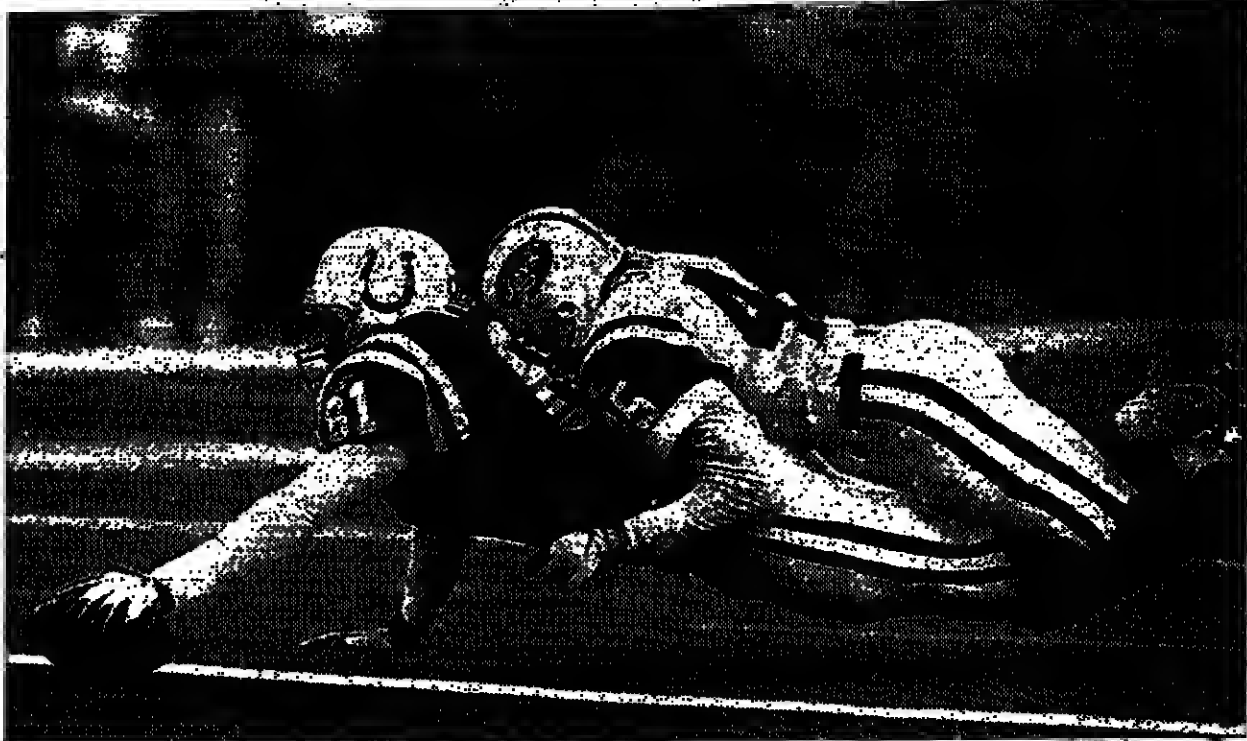
In games reported in late editions Monday:

Dolphins 13, Panthers 9 Karim Abdul-Jabbar rushed for 127 yards as the Dolphins took over sole possession of first place in the AFC East and ended a three-game road losing streak. Carolina got just three field goals by John Kasay.

Vikings 24, Bengals 3 Dwayne Ridd's 63-yard fumble return broke open the game for Minnesota, which is off to its best start since it began 10-0 in 1975.

The Bengals are guaranteed their eighth consecutive season without a winning record.

Playing just six days after surgery to remove two bone chips from his right knee, the Vikings' quarterback Randall Cunningham was 13-for-20 for 224 yards and ran three yards for a score.



The Colts' Marcus Pollard scoring the game-tying touchdown, with the Jets' Otis Smith along for the ride.

## A Milestone Victory for the Falcons

By Michael Wilbon  
Washington Post Service

ATLANTA — It was after San Francisco had scored two fourth-quarter touchdowns to cut its deficit to five points that the Atlanta Falcons demonstrated decisively they are not the team they used to be. Instead of sitting on a dwindling lead, the Falcons disregarded caution and put away the 49ers.

Chris Chandler's 78-yard touchdown pass to Terance Mathis with 2 minutes 51 seconds to play stopped San Francisco's threat and gave Atlanta a 31-19 victory at the Georgia Dome and sole possession of first place in the National Football Conference West. It was the only pass Mathis caught in the game.

Jamal Anderson, the Falcons running back, carried 31 times for 100 yards and two touchdowns and helped Atlanta run up a nine-minute advantage in time of possession. The Atlanta defense recovered a Steve Young fumble for a touchdown and used an interception to set up another.

Atlanta was leading, 24-6, before Young rallied the 49ers for two touchdowns. But San Francisco couldn't stop

the Falcons when necessary, whether Atlanta was running or throwing.

Jessie Tuggle, a Falcon linebacker and a 12-year veteran who has usually been on the losing end of confrontations with the 49ers, might have been the most relieved player in the Atlanta locker room.

"To finally be in first place for a change is incredible," he said after the Falcons' first victory over San Francisco in their last six attempts. "We didn't give up the early touchdowns against them like we usually do. After the first quarter they knew they were in for a dogfight. Sometimes some of their guys probably feel, 'Same old Falcons.' But we're a different team now."

Young completed 21 of 40 passes for 342 yards and two touchdowns, and Jerry Rice caught 10 passes for 169 yards — including the 65-yard touchdown pass with 3:09 to play that pulled the 49ers to 24-19. But Rice dropped a sure touchdown pass in the second quarter, one of three passes he dropped Sunday.

"You have to look at yourself critically," Rice said, "and basically I let the team down."

As Tuggle said, "Steve had his yards, and Jerry had his yards, but not when they needed them."

The Falcons led, 10-6, when Young floated a pass that was intercepted by Ray Buchanan, who made a brilliant 34-yard return to set up the score that put the Falcons in front, 17-6.

Before the 49ers could recover, Shane Dragnet, an Atlanta defensive tackle, sacked Young, who fumbled. Tuggle recovered the ball in the end zone for a 24-6 lead, and Tuggle's National Football League-record fifth fumble recovery for a touchdown.

Among the milestones for the Falcons franchise: It was the 14th victory in the past 18 games for Atlanta, all under Coach Dan Reeves. Atlanta won the seventh straight game at home, but this was the first attended by a sellout crowd of 69,828.

"I am surprised at our inability to do things," Young said. "We shouldn't be in these spots. We put ourselves in these jams. We have to play like we've been talking about playing. We talk about it. It'll come, it'll come. Well, we really need to get focused. Some pressing and some urgency wouldn't be a bad idea."

In the opening game here at Mackay Arena, No. 11 North Carolina downed No. 10 Kansas, 76-58.

## Purdue Ends Lady Vols' 46-Game Victory Streak

The Associated Press

WEST LAFAYETTE, Indiana — Tennessee, the top-ranked women's college basketball team, has tasted defeat for the first time in two years.

The three-time defending national champions had a 46-game winning streak stopped Sunday when they lost, 76-68, to No. 5 Purdue.

Stephanie White-McCarty led Purdue with 24 points. Katie Douglas made four consecutive free throws as Purdue held off a late rally to record the upset at the State Farm Women's Tip-Off Classic.

Tennessee went 39-0 last season in winning its third straight women's championship. The Lady Volunteers

were the unanimous pick as No. 1 in this season's preseason poll.

Douglas hit two foul shots to put Purdue ahead 74-65 with 58 seconds left and two more 15 seconds later after a 3-pointer by Kellie Jolly for Tennessee.

The Boilermakers took the lead for good at 12-11 on a jumper by Douglas and pulled to a 46-33 halftime lead on a lay-up by Camille Cooper, who came off the bench to score 18 points on 8-of-11 shooting.

Tennessee was led by Chamique Holdseclaw with 22 points.

"I don't know whether to cry, feel sorry for myself," she said, adding that watching the game films would help

her and hopefully would "help the rest of the team have a different attitude."

The Lady Volunteers were outscored 36-25 and shot 50 percent from the field. The big difference came at the free-throw line where Purdue was 22-of-33 and Tennessee was only 3-of-8. Purdue, playing at home, was called for 15 personal fouls. Tennessee received 25 and the Tennessee coach, Pat Summitt, also picked up a technical.

"Our fans are the best fans in the country. They played a big role in this win and helped us stop runs," said Ukari Figgs, a Purdue guard.

In the opening game here at Mackay Arena, No. 11 North Carolina downed No. 10 Kansas, 76-58.

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## ART BUCHWALD

## Back From Beyond

NEW YORK — As time goes on, things happen to you. Your hearing goes first and then memory. You can't ignore this and you just have to deal with it as best you can. The other day something happened in this ballpark.

I received a message on my answering machine that a dear friend, Moses Gottfried, had died in his sleep.

Moses was a buddy for 40 years and I was distressed by the news, so I immediately wrote letters of condolence to Buchwald's five children. I poured my heart and soul into them, telling what Moses had meant to me.

A week later, much to my amazement, I had a call from Moses. He was angry. "I'm not dead."

I didn't know what to say so I said, "We all make mistakes."

Moses said, "Where did you get such lousy information?"

"Off my answering machine. It said you had passed away quietly in your sleep."

"You got the wrong Moses. I never felt better in my life."

"I'm delighted to hear that," I said. "No one is happier to know that you are still alive. The news is so good I am going to buy a new answering machine."

Moses said, "What bothers me is that people are starting to believe I died. I was at the bridge club the other day and four players came up to me, shook my sweaty hand and said, 'Thank God you're still with us.'"

"How did the word get out?" I asked.

"My children showed everyone your letter of condolence," Moses said.

"I thought it was a pretty good letter considering I wrote it on the spur of the moment. I did say some very nice things about you."

"You said I was a lousy gin rummy player."

"That was just to lighten up the note. Moses, I was really destroyed by your passing. I told Sylvia that no matter what we did next Tuesday we had to go to your funeral."

"It's not enough," Moses said. "I can't afford to have people believe I'm dead. It's very bad for business."

"I'll pass the word," I promised. "I'll tell everyone not to believe what they hear on voice-mail machines. I'll hang a banner from my apartment: 'Moses Lives.'"

That calmed him down. "It's not your fault," Moses said. "But people act funny when they think you've gone to Heaven. You're treated differently. The worst thing that happened because of this rumor is that the Knicks took my basketball seats away from me."

## Ted Turner Eyes The Hot Seat

The Associated Press

NEW YORK — Ted Turner may be toying with a run for the Oval Office, according to a magazine report. But first he has to convince his wife, the actress Jane Fonda.

In its Nov. 23 issue, The New Yorker says Turner let slip the idea after a dinner where he received the World Citizenship Award from a group dedicated to eliminating nuclear weapons.

## Yoko Ono: Guardian of the Lennon Myth

By Allan Kozinn  
New York Times Service

NEW YORK — At a glance, the just-released four-CD "John Lennon Anthology" looks very much like an ambitious collectors' trawl. Lavishly packaged and annotated, this "Anthology" brims with studio outtakes, concert performances, private composing tapes and assorted spoken bits — 94 selections in all.

The thriving bootleg market has proved that the Beatles, collectively and individually, have a following that voraciously snaps up material of this kind.

But satisfying the quasi-musical obsessions of collectors is not the primary purpose of this set. "Anthology" (Capitol), compiled by Yoko Ono, Lennon's widow, is less a freestanding record release than an installment in a continuing multimedia biography.

It joins a mountain of CDs, videotapes, material for film documentaries and radio series, picture books, collections of Lennon's writings and art works — that Ono has released, overseen or sanctioned since Lennon was murdered on Dec. 8, 1980.

This body of posthumously released work is an object lesson in the building, polishing and maintenance of the myth that envelops a cultural icon.

Many pop stars fare less well. Since the death of Elvis Presley in 1977, RCA has reissued his recordings by the boxful. The Postal Service has memorialized him on a stamp and there have been several books and documentaries, not all of them sympathetic. But he left no legacy of self-defining interviews, and with no one seeing to his posthumous image, he has become an amorphous figure.

Ono, however, has projected a carefully defined picture of a musician, peace campaigner, husband and father, a man with a complex temperament and an equally complex sense of humor. In her liner notes for the "Anthology," in fact,

Ono begins with an almost novelistic physical description:

"In person, John was a much more attractive man than the one you saw in photos and films. He had very fair, delicate skin and soft, sandy hair with a touch of red in it when the light hit it a certain way." Then, after describing the moles on his forehead, the gracefulness with which he carried himself, and his personal magnetism, she adds:

"His slumping, clowning and acting the entertainer was just a kind of play acting he enjoyed. But it was obvious to anybody around him that he was actually a very heavy dude: not a prince, but a king."

This is hagiography, certainly; yet Ono pointedly avoids making Lennon into a plaster saint. Even if she were so inclined, his life was too thoroughly documented for that, and doubtless Lennon would have loathed the idea.

So her notes discuss bad times as well as good, and touch on his angry, stubborn, indiscreet and remarkably inconsiderate sides. She describes, for example, an incident in which Lennon had sex with another woman at a party while Ono and the other guests waited in the next room. Telling that story follows a principle of myth-making that goes back to ancient times: An iconic figure's flaws put his virtues in high relief.

Granted, as popular culture icons go, Ono has plenty to work with: Lennon's work with the Beatles guarantees him a constituency. But it is Lennon's post-Beatles work that Ono is most vigorously promoting, and the audience for that has always been shakier, because the work was uneven. At its worst — the batch of topical broadsides that made up the "Some Time in New York City" double album — it is workaday and expendable. Even Lennon regarded it that way.

His best music, though, is incisive, abrasive and hard-hitting. Many of the songs on his best albums, "John Lennon/Plastic Ono Band," "Imagine" and "Double Fantasy," are also intensely personal. It is not lost on



Yoko Ono has projected a carefully defined picture of Lennon.

Ono that for the personal songs to live, listeners must remain curious about the circumstances that led Lennon to write them. Hence the constant stoking of the Lennon story: If either his music or myth were not constantly in the public eye and ear, his post-Beatles music might fade into 1970s oldie.

Lennon himself was a champion-level promoter of his work and ideas. When world peace became his pet project, in 1969, he turned his honeymoon with Ono into a Bed-In for Peace, news me-

dia invited. To reporters who asked why, he said that since the news media were reporting on his marriage anyway, he might as well use the occasion to get his message out. Thereafter, he periodically promoted his albums with interviews that were so expansive that several were published as books, in question-answer form.

Lennon's volubility on a range of issues, and his uncanny ability to tap into the spirit of the times made him a spokesman for his generation. But his pronouncements and his penchant for elaborate self-explanation have been equally useful in death: However much has been written about him, his image is now not radically different from what it was during his life.

Still, images of the famous are rarely permanently fixed. As time passes and biographers a generation or two removed take up the story, the focus inevitably shifts. What does "Anthology" add to the Lennon story? Breadth of detail and sharpness of focus, mainly. We've known since the Beatles' first news conferences that Lennon had a quick wit, but here a selection of parodies (several of which skewer Dylan) offers a more private view of how Lennon's humor functioned.

Among the tapes are Lennon's unadorned recording of "Real Love," a song the other former Beatles fleshed out for their own "Anthology," and "Life Begins at 40," a country tune that was one of several here that Lennon wrote for Ringo. The studio outtakes, along with some shaky early run-throughs, include a seemingly inebriated Lennon doing his version of the Ronettes classic "Be My Baby," a discarded take of "I'm Losing You," with Cheap Trick as Lennon's backing band and a lovely account of "Imagine," in which a harmonium supports the piano.

This will not be Ono's last word on Lennon. There are more outtakes and home recordings — some more interesting than those here — to draw on for future releases.

There was talk, a decade ago, of a Lennon museum, a version of a presidential library, where researchers would have access to correspondence, recordings and other memorabilia. Ono must at some point loosen her hold on this material, and when she does — when biographers have these resources at their disposal — the Lennon myth will take on a life independent of her. It will still be an interpreted myth, of course: Biographers decide what to include and what to leave out, just as Ono has. But distance, emotional and temporal, often brings clarity.

## PEOPLE



MORE BUGS — Some of the voices for the ant characters of "A Bug's Life" gathering after the Los Angeles premiere. Clockwise from left were Julia Louis-Dreyfus, Dave Foley, Phyllis Diller and Hayden Panettiere.

THE stage and film actress, Dame Diana Rigg, who played Emma Peel in the 1960s television series "The Avengers," has been named professor of theater studies at Oxford University and will take on the post in January. She will hold acting classes and invite other actors, directors and producers to lecture.

So where was 007 when she needed him? Michelle Connery, the wife of the actor Sean Connery, was robbed of about \$1 million in jewelry when a thief stole a bag filled with diamonds, bracelets and brooches from her New York hotel while she was at dinner, the police said last week.

It wasn't Woody Allen's idea for Kenneth Branagh to mimic the nervous comedian in "Celebrity," his latest film. "I said to him, 'This part is definitely not me. If I was younger I definitely would not play it,'" Allen said in Sunday's New York Daily

News. "It requires a younger and more attractive person than me." But when it came time to shoot the film, Allen and everyone else involved couldn't help noticing how Branagh played the character with Allen's trademark halting speech, fluttering hands and jittery energy. Despite subtle directing suggestions, the characterization persisted. "In the end, I had so much

respect for him as an actor that I felt, look, I don't want to sit down and say we've got to reshoot everything and you've got to do it my way," Allen said. "So that's what happened."

Problems with finding the right people to play President Nelson Mandela have forced the South African

filmmaker Anand Singh to delay the shooting of his movie "Long Walk to Freedom" until March. It had been scheduled to begin filming in November. But Singh said he was still battling to find actors to fill the four roles he has in mind for the various stages of Mandela's life — child, young adult, middle-aged Mandela and elder statesman. He said he had talked with Morgan Freeman about playing the elderly Mandela role, but nothing has been signed.

Whitney Houston says she's tired of the rumors that she and her husband, Bobby Brown, might be abusing drugs. "No, I'm not a drug addict, and neither is my husband," Houston says in the latest issue of Newsweek. "If that were so, you'd get a lot less work out of me. I would show in the performances and in the work." The singer-actress said her recent cancellation of a scheduled appearance on "The Rosie O'Donnell Show," which helped fuel the drug rumors, was because of illness.

## A Happy Birthday for Prince Charles

The Associated Press

LONDON — Buoyed by a public tribute from his mother, Prince Charles celebrated his 50th birthday in private with a group of friends and his longtime love, Camilla Parker Bowles.

About 250 guests were invited to the party Saturday at Highgrove, Charles's home in Gloucestershire. They included Queen Sophia of Spain, King Harald and Queen Sonja of Norway and Constantine, former king of Greece, the Press Association reported. Parker Bowles, the hostess, arrived in an emerald green velvet dress with a jeweled necklace and earrings and gave waiting cameramen a beaming smile as her car came up the drive.

On Friday night, Queen Elizabeth hosted a glittering birthday party at Buckingham Palace, where she toasted her son's "vision, compassion and leadership."



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